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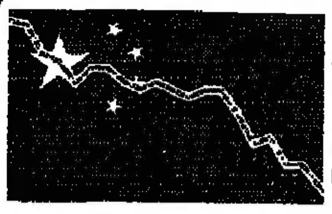

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FINANCIAL TIMES

Europe's Business Newspaper — MONDAY JANUARY 17 1994

Banks agree on rescue plan for Metallgesellschaft

Metallgesellschaft, German metals, mining and industrial group, staved off the threat of bankruptcy after winning agreement to a revised DM3.4bn ($1.97bn) rescue package.

At a 10-hour meeting, representatives of 120 creditor banks buried their opposition to initial rescue proposals and approved new plans, averting what would have been Germany's biggest corporate collapse since the AEG electrical group went bankrupt in 1982. Page 15; Global fix, Page 15

Italian poll date set: Italy will go to the polls on March 27 after President Oscar Luigi Scalfaro bowed to pressure for a renewal of the political establishment and dissolved parliament less than 20 months after the country's last general elections. Page 14; Editorial Comment, Page 13

China warns on UK trade: China increased pressure on Britain with a warning that the continuing dispute over Hong Kong might have a "crippling effect" on trade. Page 14

Japanese reform in balance: Prime minister Morihiro Hosokawa faces a daunting task in his efforts to secure parliamentary agreement on plans to reform Japan's discredited political and electoral system. Page 4

IRI, Italian state holding company, announced it would privatise its 57 per cent stake in the prestigious Banca Commerciale Italiana (BCI) in February. Page 15

W Europe new car sales fall: Sales of new cars in west Europe fell 15.2 per cent last year to an estimated 11.45m units, the steepest annual decline in the post-war period. Page 2

Channel tunnel claim: British and French construction companies have presented their final bill for building the Channel tunnel by starting legal action to recover more than £1bn ($1.5bn) which they say they are owed. Page 14

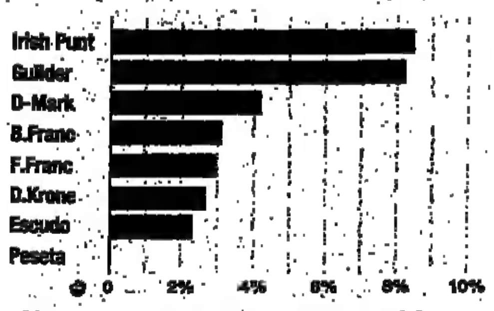
French state schools rally: In France's biggest demonstration for eight years, an estimated 250,000-300,000 people marched through Paris to show their support for state lay education. Page 2

Major appears at arms inquiry: UK prime minister John Major faces a fresh test to his political authority when he gives evidence today at a public inquiry into whether the government illegally sold arms to Iraq in the late 1980s. Page 6

Fiat, Turin-based automotive group, faces serious labour unrest following a management decision to cut its workforce by 5 per cent and lay off a further 10 per cent for up two years. Page 2

European Monetary System: The German D-Mark lost ground over the week in the EMS grid as speculation persisted that the Bundesbank might cut interest rates at its meeting this Thursday. The weaker tone was aggravated by strong runs from the dollar and sterling against the D-Mark. The Dutch guilder strengthened its position while both the French franc and Belgian franc weakened. Currencies, Page 27

EMS: Grid January 14, 1994



The chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the system. Most of the currencies are permitted to fluctuate within 15 per cent of agreed central rates against the other members of the mechanism. The exceptions are the D-Mark and the guilder which move in a 2.25 per cent band.

S Africa peace move: South Africa's radical black Pan-Africanist Congress, blamed by police for numerous attacks against whites in recent months, said it was suspending its armed struggle and had begun telling guerrillas to disarm. Page 4

Second round for Finnish election: Martti Ahtisaari of the opposition Social Democrats and defence minister Elisabeth Rehn of the Swedish People's party will contest a decisive second round of the Finnish presidential election on February 6. Earlier story, Page 2

Investors look to Japan, US: UK institutional investors are shifting their attention away from continental European markets and towards Japan and the US, a survey has found. Page 15

German utility sale: German privatisation agency, the Treuhand, will tomorrow sell a majority stake of a large eastern utility group to Preussen-Elektra, electricity division of Veba, and Germany's second largest utility company. Page 16

Somali clans sign accord: Elders of Somalia's rival clans signed a peace accord mediated by Islamic leaders and appealed to the country's two main warlords to lay down their arms.

Jordan death sentences: Three Moslem militants were sentenced to be hanged and another seven given long jail sentences for plotting to assassinate Jordan's King Hussein at a military ceremony last June.

Fire in sauna: Fire swept through a two-storey sauna in the city of Tetuan, northern Morocco, killing 24 people. Another 15 were treated in hospital after inhaling smoke.

Gaidar quits Russian government

Reformer warns against 'dangerous' cabinet decisions

By John Lloyd in Moscow

Mr Yegor Gaidar, Russia's most prominent economic reformer, said yesterday he was pulling out of the government to avoid being forced to share responsibility for "dangerous" policy decisions.

Announcing his refusal to serve in the new cabinet that Mr Viktor Chernomyrdin, prime minister, is to name this week, Mr Gaidar said: "I cannot work without having the necessary levers at my command . . . where decisions I have taken are not approved and at the same time decisions I regard as dangerous are embraced by the government."

His decision, which appears final, will cause deep concern among western governments and financial institutions already worried about the prospects for reform in Russia after December elections that gave anti-reform parties a majority in the parliament's lower house.

It comes only a day after the departure of President Bill Clinton, who had been convinced by President Boris Yeltsin during a two-day summit that reforms would continue and deepen. The government now seems almost certain to pursue the much slower course of reform favoured by Mr Chernomyrdin.

Mr Gaidar, first deputy prime minister since last September and prime minister for 10 months in 1992, led the Russia's Choice party in last month's elections. He will now concentrate on leading his party in the state duma, the lower house. "I cannot be, at one and the same time, in the government and in opposition to it," he said.

Attempts may still be made, however, to entice Mr Gaidar back into the cabinet. Mr Vyacheslav Kostikov, Mr Yeltsin's press secretary, said last night that the resignation "would seriously weaken the president's reform flank", and that pressure would be put on him to stay.

Gaidar passes the poisoned chalice ....Page 3
Editorial Comment .....Page 13

Mr Yeltsin is due to meet Mr Chernomyrdin today, and the announcement of the new government is due today or tomorrow.

The future of other reformers in the cabinet is uncertain – although so far only one, Mrs Ella Pamfilova, the social security minister and the only woman in cabinet, has chosen to follow Mr Gaidar. Mr Boris Fyodorov, finance minister, said: "One's enthusiasm for work in the government is low."

In an interview with the Financial Times, Mr Fyodorov emphasised that he would not serve if Mr Viktor Gerashchenko, the central bank chairman, was confirmed in his post – and said that he, like Mr Gaidar, strongly objected to a draft agreement with Belarus for the unification of its economy with Russia's, signed by Mr Yeltsin this month.

"Such agreements cannot be made without reference to either the cabinet or the state duma. It is effectively the union of one state with another. However, I may be able to get changes in that agreement. I will have to see."

Mr Anatoly Chubais, the deputy premier for privatisation and the only member of the present government confirmed in post by a presidential decree, was advised by Mr Gaidar to stay on – as was Mr Andrei Kozyrev, the foreign minister.

Mr Gaidar said Mr Chernomyrdin had mentioned Mr Grigory Yavlinsky – leader of the Yabloko group, a rival reform faction to Russia's Choice, in the lower house – as a possible successor.

Mr Yavlinsky, a well-known reformer in Russia and the west, favours stronger policies on privatisation and de-monopolisation, and on economic union between the former Soviet republics – but is less concerned about securing a rapid reduction in inflation and stabilisation of the rouble.

Mr Yavlinsky, asked by the Interfax news agency last night if he would serve in government, replied: "I don't think so, but it's too early to say."

IBM wins computer deal for next four Olympics

By Alan Cane in London

International Business Machines, the world's largest information technology group, has been given sole rights to provide computer systems for the next four Olympic Games.

An exclusive agreement with the International Olympic Committee was signed last month, and the two organisations have the option to extend the agreement for a further two games.

This is the first time the IOC has selected a single company to provide information technology systems for either the summer or winter games, which are held every four years.

The winter games next month, at Lillehammer in Norway, will be the first in which the winter and summer cycles are separated by two years.

IBM is providing systems for the winter games this year and for the 1998 games at Nagano in Japan. It will also support the summer games at Atlanta in the US in 1996, and those at Sydney in Australia in 2000. No other computer company was invited to bid.

It is understood that, although other manufacturers could have provided the computers, the IOC was persuaded by IBM's worldwide presence, which means it has an organisation in any country that might host the games.

The committee was also attracted by the idea that systems developed for one games could be moved easily to the next. Until now, Olympic systems have usually been developed from scratch for each games at significant additional expense.

The deal commits IBM to provide for each games, without charge, enough computer power to run a large company. At Lillehammer, for example, it is providing three mainframe computers, 28 workstations, 3,000 personal computers and 500 printers. About 150 IBM technical staff will be on hand.

IBM is also acting as project manager for the software houses developing special software for the games. IBM estimates its involvement will cost it over NKr100m ($13.4m).

The US company has lost money heavily for the past two years and is expected to announce further losses this month. Mr Louis Gerstner, the company's new chairman, had to approve the Olympic deal.

IBM will have a range of marketing benefits, including world rights to the Olympic rings and logostyles for use with company promotions. IBM estimates the value of these from Lillehammer at NKr80m. Because the new deal was signed after IBM had developed the systems for Lillehammer, the Norwegians have agreed to pay IBM the difference, or NKr20m.

Assad pledges to seek peace with Israel

By Roger Matthews and Jurek Martin in Geneva and Julian Ozanne in Jerusalem

President Hafez al-Assad of Syria pledged himself yesterday for the first time in public to a full normalisation of relations with Israel as part of a comprehensive Middle East peace settlement.

In a rare appearance in the west after long talks in Geneva with US President Bill Clinton, Mr Assad called for a "peace of the brave" and said he wished to see an era of stability and security in the region in which there would be normal relations between all states. Syria had made the "strategic choice" to seek peace with Israel after years of confrontation.

Mr Assad's call for normal relations could give a significant boost to negotiations between Syria and Israel, the most important component of an eventual comprehensive Middle East peace agreement still to fall into place.

Senior US officials said they were greatly encouraged by the words used by Mr Assad, particularly on relations with Israel. "These are words that Israel has long waited to hear," said one.

Mr Clinton stressed that the outline accord between Israel and the Palestine Liberation Organisation represented an important first step towards peace. But he and Mr Assad also emphasised that for any deal to be durable it had to include the other Arab partners to the process.

"Syria is the key to a comprehensive and enduring peace that will finally put an end to conflict between Israel and her Arab neighbours," said Mr Clinton.

He confirmed that the heads of the Syrian, Lebanese and Jordanian negotiating teams would be in Washington next week to resume contacts with Israel and discuss a full resumption of the talks broken off last summer.

Syria has insisted that it would be pointless to resume negotiations without a prior Israeli commitment to withdraw fully from the Golan Heights, occupied in 1967. Israel has demanded that Syria should state its willingness to exchange ambassadors and open its borders to trade and travellers, before it would say from how much of the Golan it would withdraw.

Mr Clinton, said he was encouraged by the Syrian leader's statement.

"I believe that President Assad has made a clear, forthright and very important statement on normal, peaceful relations," he said, adding that he now hoped for a positive response from Israel.

In Jerusalem, Israeli officials were cautiously positive. Mr

Continued on Page 14

Grasping the peace issue: Hafez al-Assad of Syria and Bill Clinton at the start of five hours of talks in Geneva yesterday — Associated Press

US West may take 30% stake as LWT fights takeover bid

By Raymond Snoddy in London

London Weekend Television, one of Britain's main independent commercial TV stations, is in talks with US West, the Denver-based telephone company, over its taking a large stake in the company. LWT is attempting to fight off a hostile takeover bid by Granada, a rival UK commercial station.

The deal would be the most far-reaching move yet by a US company into British television, by pulling together powerful cable and traditional broadcast television interests.

US West already has significant cable television interests in the UK, through Telewest, its joint venture with Tele-Communications Inc, the largest US cable television operator. Plans are in train for a £400m flotation of Telewest.

Through the joint venture, US West has an interest in television franchises covering slightly fewer than 3m homes. That puts it in second place in the UK cable industry, behind Nynex, the New York and New England telephone company.

If talks succeed US West would almost certainly take a stake of up to 29.9 per cent in LWT.

Companies from outside the European Union are barred from controlling ITV franchises, but the definition of control is left to the judgment of the Independent Television Commission, the UK regulatory body for commercial TV. The National Heritage Department confirmed yesterday that no maximum percentage stake for non-EU companies is specified in legislation.

Mr Greg Dyke, LWT's chief executive, yesterday declined to comment on talks the company might be having with potential suitors. He said the central plank in LWT's defence against Granada remained "our record in the past, what we can achieve in future and we believe the best is yet to come".

It is thought that there have been several approaches for LWT from large US media companies interested in taking a stake.

US West is seen as the present favourite, although it is far from clear if the US company would be able to move fast enough to clinch any deal in the timescale of the Granada bid. The final date for acceptance of the Granada offer, which values LWT at about £670m ($991.6m), is February 4.

US West lands Russian contract, Page 3

Austria	Sch32	Greece	Dr350	Lux	LFr65	Qatar	QR13.00
Bahrain	Din1.250	Hong Kong	HK$18	Malta	Lm0.60	S.Arabia	SR11
Belgium	BFr65	Hungary	Ft185	Morocco	MDh15	Singapore	S$4.30
Bulgaria	Lv25.00	Iceland	IKr215	Neth	Fl 4.00	Slovak Rp	KSL50
Cyprus	C£1.10	India	Rs60	Nigeria	Naira50	South Africa	R12.00
Czech Rp	CZK50	Israel	Shk6.90	Norway	NKr17.00	Spain	Pta225
Denmark	DKr18	Italy	L3000	Oman	OR1.50	Sweden	SKr18
Egypt	E£5.00	Japan	Y500	Pakistan	Rs40	Switz	SFr3.30
Finland	FM14	Jordan	JD1.50	Philippines	Pso50	Syria	S£50.00
France	FFr9.00	Kuwait	Fils.625	Poland	Zl32,000	Tunisia	Din1.500
Germany	DM3.50	Lebanon	US$1.50	Portugal	Es225	Turkey	L10000
						UAE	Dh12.00

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Paris demonstration celebrates education bill victory

March backs state schools

By David Buchan in Paris

In France's biggest demonstration for eight years, an estimated 250,000-500,000 people yesterday marched through central Paris to show their support for state lay education.

The march had been planned as a protest against the Balladur government's month-old bill allowing local authorities to increase funding to private, mainly Catholic schools.

On Thursday, however, the constitutional court struck down the bill, arguing that inequalities in its implementation would breach the parity required under the constitution between public and private education.

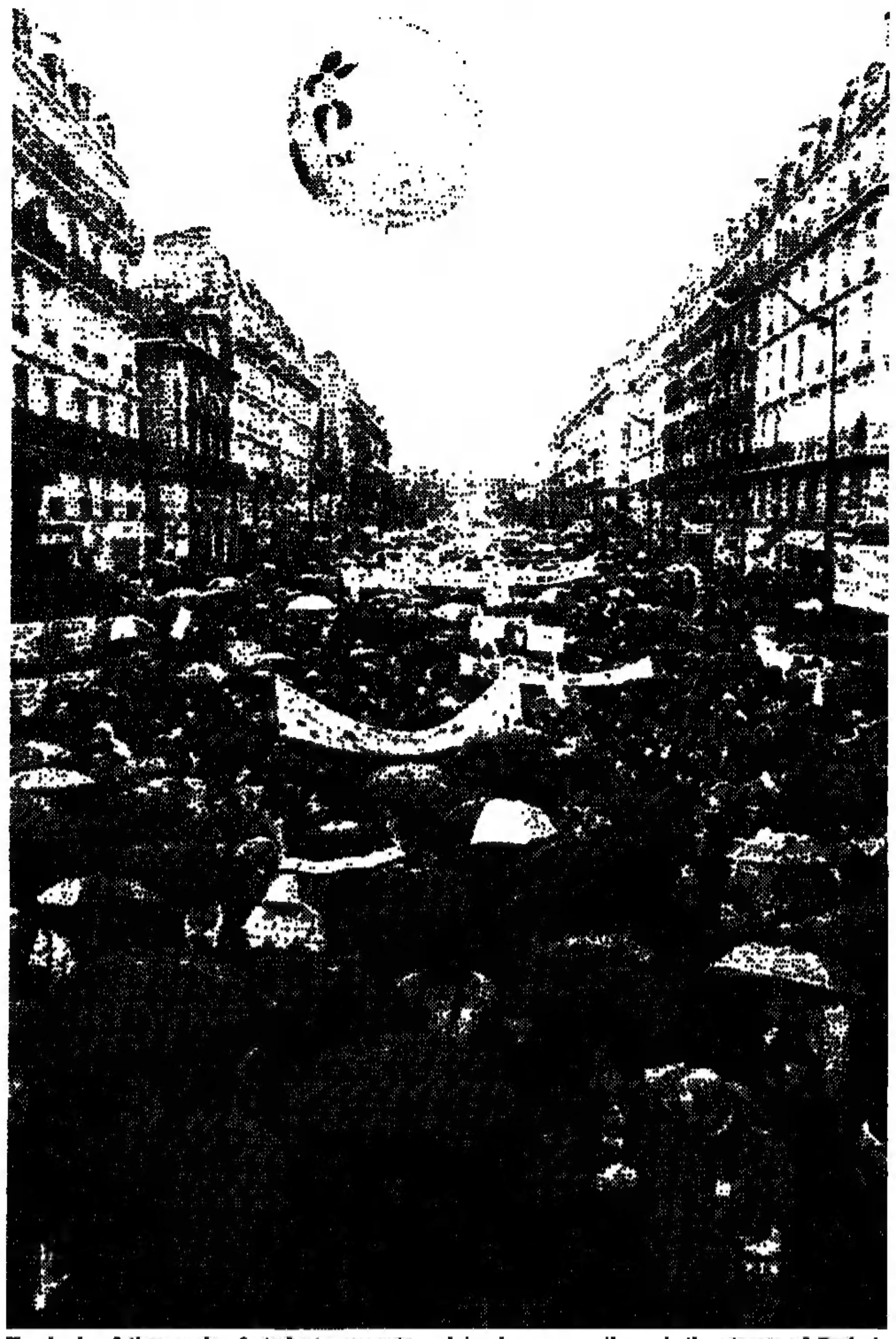
But yesterday's march still went ahead, though more in the nature of joyful victory parade than an angry protest, and it drew even more people than expected by its organisers, who were lay education bodies, teachers and other trades unions and the Socialist and Communist parties.

Marchers waved laurel branches, symbol of France's secular republic, brandishing some anti-clerical placards and shouting some anti-Balladur slogans.

After his biggest setback in nine months of power, the prime minister, Mr Edouard Balladur, has backed down, deciding not to try to get a revamped bill past the constitutional court's objections, while calling for a new dialogue with public education backers.

An opinion poll yesterday showed that the school financing defeat had not much affected Mr Balladur's own standing, but it had increased that of President François Mitterrand, who openly criticised the government.

The defeat also damaged the reputation of Mr François Bayrou, the education minister, who comes from the UDF coalition party. He was urged to resign by Mr Patrick Devedjian, a maverick member of Mr Balladur's own RPR Gaullist party.



Hundreds of thousands of students, parents and teachers move through the streets of Paris in yesterday's education demonstrations Associated Press

Four big countries to make the most of two years leading EU

France, Germany, Spain and Italy are planning stronger presidencies, David Buchan, Ian Davidson and David Marsh write

France, in concert with its three big continental European partners, is seeking a stronger and more coherent leadership for the European Union during their successive presidencies in 1994-96, according to Mr Alain Lamassoure, France's European affairs minister.

The French initiative did not appear to be a bid to establish a big-country directorate of the EU, nor intended as a slight on the current Greek presidency, though it may be taken as such. Rather, Mr Lamassoure describes it as an attempt to exploit the "astral coincidence" that – starting with Germany this July, and continuing with France, Spain and Italy into the first half of 1996 – the rotating six-month presidency of the EU will be held by "four important countries of the Union which, in addition, share the same conception of Europe".

"We have proposed to the Germans, Spanish and Italians that we should prepare together a common timetable, an agenda over these two years," Mr Lamassoure said. This period was likely to see the EU admitting Nordic countries and Austria, preparing its 1996 constitutional revision and hosting its conference on European stability as well as dealing with key neighbours to the east and south and pursuing economic and monetary convergence.

The joint consultation, evidently still at a very early stage, "has been accepted by the Germans and Spanish... though we are still waiting for Italy to have a durable and stable government", he said. But the initiative meshes with what Mr Lamassoure described as France's growing preoccupation with the lack of any proper structure to "prepare, propose and execute" the EU's common foreign and security policy prescribed by the Maastricht treaty.

"We have 12 [foreign] ministers, but no ministry" to implement their EU decisions, he said. "The problem is one of management." But France was not prepared to see the foreign policy management role filled primarily by the European Commission – despite the effort by Mr Hans van den Broek, political affairs commissioner, to set up a Brussels policy unit – or by the Council of Ministers secretariat. This would take sensitive foreign policy matters too much out of ministers' hands, Mr Lamassoure said.

The minister claimed that Britain, with its similar tradition of diplomatic activism, "is as preoccupied as we are" with the EU's lack of an efficient and acceptable foreign policy executive. Joint Franco-German initiatives were no more acceptable as standard practice than two of a government's ministers always hatching national policy, he said.

On general policy, Mr Lamassoure said: "There is no one to carry out analysis on behalf of the Twelve, to present proposals before the Council, and once a decision is taken, no one charged with its implementation."

The minister admitted the difficulty of implementing Maastricht's foreign policy as well as its internal justice, police and immigration policies could have been foreseen, "but it is only when one moves into action that one realises the true problems".

Mr Lamassoure insisted that "there could no European foreign and security policy without common defence". He underscored French hopes that Germany would soon find the political will and obtain the constitutional freedom to allow its forces to operate outside the Nato area. France is evidently concerned that the Europeans will not be able to exploit fully Nato's new willingness to let its assets be used on occasion for purely European operations – endorsed at last week's alliance summit – unless Bonn adopts a bolder attitude to defence.

He also went out of his way to stress Paris's common interest with London in "subsidiarity" – the repeal of unnecessary EU legislation in preference for national regulation. In reviewing some 70 EU measures last year, the French and UK governments were able to agree on a common list of 20 laws for scrapping. Indeed, "our approach to the single market is now closer to Britain than to Germany," he said.

But the Franco-German relationship remained the key to the overall success of the EU, said Mr Lamassoure. It had weathered last year's strains over Gatt, monetary policy and Bosnia – which was just as well, he said, because if France and Germany were to take different sides on issues, "there would be two Europes".

Two-speed Europe foreseen

By John Griffiths

France, Spain and Italy will join the UK in economic recovery this year but Germany will remain mired in recession, according to Oxford Economic Forecasting.

This picture of a two-speed Europe is painted in OEF's latest assessment of the prospects for the world economy.* It forecasts growth for the OECD states as a whole of 2.1 per cent this year, compared with 1 per cent in 1993, but stresses the uneven distribution of growth.

It predicts 3.2 per cent GDP increase for the US but warns that this probably represents a peak, with minor declines to follow up to 1996. Stagnation is also forecast for Japan, but with a resumption of growth of 2.4 per cent in 1995, accelerating to 3.2 per cent a year later.

The forecasts show the UK continuing to lead the Europeans out of recession, with growth of 2.7 per cent this year being broadly sustained through to the end of 1996.

However, it concludes that Italy and Spain are now set to benefit from increased competitiveness arising from devaluations against the D-Mark.

Thus after falling 1.4 per cent last year, Italy's GDP is forecast to grow 2.5 per cent this year and 3.6 per cent in 1995. Spain's economy, which shrank nearly 1 per cent last year, should enjoy a more subdued recovery this year.

GDP growth of 1.4 per cent is forecast this year for France but it will trail Italy and Spain to the end of 1996.

**World Economic Prospects: Winter 1993/4. Further details from Oxford Economic Forecasting, Abbey House, 121 St Aldates, Oxford OX1 1HB.*

Kohl party settles on presidency candidate

By Quentin Peel in Bonn

After one false start and months of confusion, Chancellor Helmut Kohl's Christian Democratic Union has agreed on a credible candidate to become German president after Mr Richard von Weizsäcker steps down this summer.

Mr Roman Herzog, who was nominated at a meeting of the party's national executive committee on Saturday, is president of the federal constitutional court in Karlsruhe, the highest legal authority, and a former CDU interior minister and education minister in Baden-Württemberg state.

He seems certain to receive the backing of the Bavaria-based Christian Social Union, the CDU's sister party, at a meeting today.

Mr Herzog, who is 59, will now face the former Social Democratic party (SPD) leader Mr Johannes Rau, the popular premier of the state of North Rhine-Westphalia, in the presidential election, which will be conducted by a 1,324-member electoral college in May. Professor Jens Reich, a founder of the New Forum democratic movement in east Germany, is the only easterner on the slate, as a non-party candidate.

Mr Herzog replaces Mr Steffen Heitmann, justice minister of the eastern state of Saxony, as the CDU candidate. The latter was Mr Kohl's favoured candidate, as an easterner who could help bridge divisions in a united Germany, but his conservative views and inexperience instead attracted criticism and widespread ridicule and he pulled out in November.

Mr Herzog, in contrast, has a wealth of both political and constitutional experience, as vice-president and then president of the constitutional court since 1983.

The outcome of the presidential election depends on the attitude of the Free Democratic party, the junior partner in Mr Kohl's Bonn coalition. The FDP has nominated its own candidate, Mrs Hildegard Hamm-Brücher, who is unlikely to withdraw before the third round of voting in the electoral college.

Unions angry at Fiat job cuts

By Robert Graham in Rome

Fiat, the Turin-based automotive group, faces serious labour unrest following a management decision to implement a 5 per cent cut in its workforce and lay off a further 10 per cent for up two years.

The stand-off between the management of Italy's largest private employer and the unions is expected to set the tone for industrial relations this year. Italy has been slower than its big international competitors in cutting jobs in the automotive, chemicals, defence and steel industries – which are most affected by recession and international overcapacity.

By the end of this week indefinite lay-off notices, lasting two years, will have gone out to 6,500 of the group's 95,000 workers, with more to follow. This is in addition to the 16,000 employees who will be temporarily laid-off this week in Fiat's Italian plants because of poor car sales.

At the weekend Fiat unions called an eight-hour staggered protest strike for tomorrow at all big Italian plants. On Wednesday workers at Arese, the big Alfa Romeo plant outside Milan, which is under threat, are due to strike. They should have the backing of the region's engineering unions.

In November Fiat announced plans for job cuts and lay-offs to help it sustain competitiveness and absorb the impact of recession. During subsequent meetings – initially with the unions, and then with the Ministry of Labour – Fiat has maintained a tough line.

The unions tried to persuade it to accept "solidarity contracts" – flexible working hours and a shorter working week as used by Volkswagen. Fiat insisted this was incompatible with the L40,000bn (£15.7bn) being invested until the end of the century on upgrading production and introducing new models.

The break came late on Friday evening when Fiat said time had run out and the plan had to be implemented immediately. Since 1980 Fiat has enjoyed good industrial relations and its workforce has frequently shown loyalty to the company.

Although reluctant to risk a confrontation, the group's financial position and car production overcapacity have forced the issue. Fiat's 1993 losses are likely to be L2,000bn and are largely attributed to poor car sales. With its Melfi plant fully operational this year, the group's Italian car capacity will be close to 2.4m units, against 1993 production of little more than 1.1m units.

The management's decision also appears to have been influenced by the imminent dissolution of parliament and difficulties of the government acting as a broker.

The main job cuts are at Fiat's Sevel plant near Naples, in the Turin area and at Arese. Of these, some 3,800 affect administrative staff.

Apart from trying to introduce "solidarity contracts", the unions fear Fiat still lacks a clear strategy and the two-year lay-offs will become permanent. They also fear that in 1996 the Arese plant, employing 9,000, will be closed.

Ahtisaari takes early lead in Finnish election

By Hugh Carnegy in Helsinki

Mr Martti Ahtisaari, a senior United Nations diplomat, established a clear lead in the early stages of counting last night in the first round of Finland's presidential election.

Results from postal votes which were cast between January 5 and 11 account for almost one third of the final total, some 1.3m out of 4.1m eligible voters.

The postal vote gave Mr Ahtisaari, a Social Democrat, around 27 per cent of the vote. In second place was Mr Paavo Väyrynen, the former foreign minister and a member of the Centre party, with about 20 per cent of the postal vote.

But commentators warned that later results could change the picture significantly, as the postal vote did not reflect a late surge in popularity for Mrs Elizabeth Rehn, the defence minister.

An exit poll by Finnish Radio gave Mrs Rehn, a member of Finland's small Swedish-speaking minority, 30 per cent of Sunday's vote, ahead of Mr Ahtisaari in second place with 24.5 per cent.

As the postal votes were counted during the evening, Mrs Rehn garnered increasing numbers of votes and moved into a strong second place. Earlier she had been neck and neck in third place with Mr Raimo Ilaskivi of the Conservative party.

If no candidate wins more than 50 per cent in the first round, the top two go forward to a run-off vote on February 6. Opinion polls have shown Mr Ahtisaari winning that contest comfortably over all candidates except Mrs Rehn.

Mr Ahtisaari, who led the successful United Nations operation to bring independence to Namibia, had been the firm favourite for months to win the presidency.

But Mrs Rehn, who is backed by the Swedish Peoples' party and a strong supporter of Finland's EU membership bid, recorded a last-minute surge in the opinion polls.

With anxiety over political instability in neighbouring Russia, Mrs Rehn's emphasis on security and her experience as a popular defence minister pushed her support beyond the limits of the Swedish-speaking minority, which accounts for only 6 per cent of the population.

Whoever is elected will take over from President Mauno Koivisto, who steps down on March 1 after two six-year terms.

W European new car sales fall 15%

By Kevin Done, Motor Industry Correspondent

West European new car sales fell 15.2 per cent last year to an estimated 11.45m units, as carmakers suffered the steepest annual decline in Europe in the post-war period.

At least 2m fewer new cars were sold in west Europe in 1993 than a year earlier. Four of the big six volume carmakers – Volkswagen, Fiat, PSA Peugeot Citroën and Ford of Europe – suffered heavy losses.

Production has been cut drastically and carmakers have been forced to eliminate tens of thousands of jobs. The outlook for 1994 remains depressed, with demand forecast to grow only 1-2 per cent.

New car sales fell last year in 15 of 17 European markets with demand rising only in the UK and, marginally, in Norway.

Four of the leading volume markets suffered heavy declines with sales dropping an estimated 19 per cent in Germany, 20 per cent in Italy, 18 per cent in France and 24 per cent in Spain.

The steepest fall was suffered in the small Greek market with an estimated year-on-year decline of 28 per cent.

The only significant growth was achieved in the UK, where sales rose 11.6 per cent, as the market began to recover decisively from three years of deep recession. UK new car sales, however, remain well below the 1989 peak of 2.3m.

In December new car sales in west Europe fell 20.4 per cent year-on-year to 775,000 units, according to industry estimates. The decline was exaggerated, however, by the high level of new car registrations the previous year, when sales were boosted by pending increases in car taxation at the beginning of 1993 in several countries. In addition, manufacturers were disposing of cars not equipped with catalytic converters, which became mandatory at the start of last year to meet tougher exhaust emissions standards in the European Union.

New car sales in December were sharply lower year-on-year in all five leading volume markets, with declines of 31.3 per cent in France, 21.8 per cent in Germany, 19.8 per cent in Spain, 10.7 per cent in Italy and 7.7 per cent in the UK.

There were signs of recovery in some of the smaller markets, however, particularly in the Nordic region, and sales in December were higher than a year earlier in seven of 17 west European markets.

The Volkswagen group of Germany and the Fiat group of Italy, which both ended the year deep in loss, suffered the steepest sales declines last year, while General Motors (Opel/Vauxhall) and Ford both gained market share.

The VW group – including Audi, Seat and Skoda – remained the market leader in west Europe for the ninth year running, but it was hit by an estimated 20.1 per cent fall in sales volume in west Europe, where it sold about 320,000 fewer cars than a year earlier.

Fiat, which includes Lancia and Alfa Romeo, was hit by a 21 per cent fall in sales to 1.27m units, as its market share contracted to 11.1 per cent.

Rover, the vehicles subsidiary of British Aerospace, achieved the strongest performance among European carmakers. It increased sales by 9 per cent in a market that declined by 15 per cent and raised market share to 3.2 per cent, from 2.5 per cent a year earlier.

Japanese carmakers increased their market share to an estimated 12.1 per cent from 11.8 per cent a year earlier, increasing trade tensions between Tokyo and Brussels. However, the fortunes of the different manufacturers varied widely.

Nissan, Toyota, and Honda, which are producing vehicles in Europe, all out-performed the market and offset reductions in export quotas from Japan with higher local output. Mazda, the only leading Japanese carmaker without firm plans for European production, suffered a 28 per cent fall in sales volume.

WEST EUROPEAN NEW CAR REGISTRATIONS
January-December 1993

	Volume (Units)	Volume Change(%)	Share (%) Jan-Dec 93	Share (%) Jan-Dec 92
TOTAL MARKET	11,449,000	−15.2	100.0	100.0
MANUFACTURERS:				
Volkswagen group	1,888,000	−20.1	16.5	17.5
– Volkswagen	1,245,000	−20.5	10.9	11.6
– Audi	318,000	−23.2	2.8	3.1
– Seat	273,000	−17.4	2.4	2.4
– Skoda*	51,000	−0.1	0.4	0.4
General Motors#	1,493,000	−11.4	13.0	12.5
– Opel/Vauxhall	1,436,000	−11.0	12.5	12.0
– Saab**	42,000	−18.1	0.4	0.4
PSA Peugeot Citroën	1,402,000	−14.7	12.2	12.2
– Peugeot	848,000	−14.9	7.4	7.4
– Citroën	554,000	−14.3	4.8	4.8
Ford#	1,315,000	−13.4	11.5	11.3
– Ford Europe	1,304,000	−13.5	11.4	11.2
– Jaguar	11,000	+1.2	0.1	0.1
Fiat group##	1,272,000	−20.6	11.1	11.9
– Fiat	955,000	−19.9	8.3	8.8
– Lancia	179,000	−22.4	1.6	1.7
– Alfa Romeo	125,000	−24.7	1.1	1.2
Renault ††	1,201,000	−16.2	10.5	10.6
Nissan	397,000	−9.5	3.5	3.2
BMW	370,000	−16.4	3.2	3.3
Rover†	361,000	+8.9	3.2	2.5
Mercedes-Benz	354,000	−13.5	3.1	3.0
Toyota	318,000	−5.8	2.8	2.5
Mazda	194,000	−28.0	1.7	2.0
Volvo ††	171,000	−14.7	1.5	1.5
Honda†	162,000	−7.8	1.4	1.3
Mitsubishi	140,000	−13.1	1.2	1.2
Total Japanese	1,388,000	−12.9	12.1	11.8
MARKETS:				
Germany	3,192,000	−18.8	27.9	29.1
Italy	1,890,000	−20.4	16.5	17.6
United Kingdom	1,778,000	+11.6	15.5	11.8
France	1,721,000	−18.3	15.0	15.6
Spain	744,000	−24.1	6.5	7.3

*VW holds 31 per cent and management control of Skoda.
#includes cars imported from US and sold in western Europe.
**GM holds 50 per cent and management control of Saab Automobile.
††Renault and Volvo are linked through minority cross-shareholdings.
Fiat group includes Lancia, Alfa Romeo, Innocenti, Ferrari and Maserati.
†Honda holds a 20 per cent stake in Rover vehicle operations.

Source : industry estimates

THE FINANCIAL TIMES
Published by The Financial Times (Europe) GmbH, Nibelungenplatz 3, 60318 Frankfurt am Main, Germany. Telephone ++49 69 156 850, Fax ++49 69 5964481, Telex 416193. Represented by Edward Hugo, Managing Director. Printer: DVM Druck-Vertrieb und Marketing GmbH, Admiral-Rosendahl-Strasse 3a, 63263 Neu-Isenburg (owned by Hürriyet International). Responsible Editor: Richard Lambert, c/o The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL, UK. Shareholders of the Financial Times (Europe) GmbH are: The Financial Times (Europe) Ltd, London and F.T. (Germany Advertising) Ltd, London. Shareholder of the above mentioned two companies is: The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL. The Company is incorporated under the laws of England and Wales. Chairman: D.C.M. Bell.

FRANCE
Publishing Director: J. Rolley, 168 Rue de Rivoli, F-75044 Paris Cedex 01. Telephone (01) 4297-0621, Fax (01) 4297-0629. Printer: S.A. Nord Eclair, 15/21 Rue de Caire, F-59100 Roubaix Cedex 1. Editor: Richard Lambert. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

DENMARK
Financial Times (Scandinavia) Ltd, Vimmelskaftet 42A, DK-1161 Copenhagen-K. Telephone 33 13 44 41, Fax 33 93 53 35.

Gaidar passes the poisoned chalice

John Lloyd on the impact of the decision by Russia's deputy leader

Mr Yegor Gaidar's departure from the future Russian cabinet even before he had been officially asked to join it casts a cloud over the pace of economic reform and leaves a question mark over the political direction and composition of the government.

Mr Gaidar, first deputy prime minister, said he could not remain where he had too little effect on policy, and where key decisions had been made without his participation or knowledge. He instanced a draft agreement to reunify the economies of Russia and Belarus, and the spending of $500m (£337.8m) on a new parliament building, 10 times more than is spent to subsidise Russian culture in a year.)

He also said: "I cannot be at one and the same time in the government and in opposition to it." This is a reflection of the pressure put on him by his colleagues in Russia's Choice, the liberal-conservative party which he heads and which is the largest in the state Duma (lower house). In a meeting of the leadership a week ago it was suggested the party should no longer take responsibility for government decisions with which it disagreed and which, many of Mr Gaidar's colleagues think, helped achieve such modest results in the December elections.

Leading members of the party had also expressed their reservations about Mr Gaidar continuing to lead it: Mr Andrei Makarov, the prominent lawyer, said last Thursday that Mr Gaidar should resign from his party post in favour of Mr Gennady Burbulis, the former aide to President Boris Yeltsin.

Another resignation announced yesterday was that of Mrs Ella Pamfilova, social security minister and also a member of Russia's Choice. The only woman in government, she is a prominent liberal but not a cabinet heavyweight.

Mr Boris Fyodorov, the deputy minister for finance, said yesterday he would wait until today or tomorrow before deciding on his future. He repeated he would not serve in government if Mr Viktor Gerashchenko remained chairman of the central bank and said that he, too, was deeply concerned that the agreement with Belarus – "an agreement which effectively means the union of two countries" – had been agreed in draft without reference either to the cabinet or parliament.

However, his position is a complex one. He is, as he firmly said, "not a member of Gaidar's team" (and is not close to him). He believes he may be able to get fundamental changes to the Belarus agreement which would make it acceptable; and he has yet to talk to Prime Minister Viktor Chernomyrdin on whether he is to be given a place in the government.

Yegor Gaidar: key decisions made without participation

Grigory Yavlinsky: wooed

Boris Fyodorov: waiting

One western economist in Moscow said yesterday that "he could be Chernomyrdin's last alibi for the west that reforms are continuing," and it might be made attractive for him to continue.

Mr Anatoly Chubais, the deputy premier for privatisation, is the only member of the present government to have been confirmed in the next government. He has said nothing publicly, but is reported to be prepared to stay at least until spring, in the hope of advancing his privatisation programme. Mr Gaidar said he should stay if he could – and added the same for Mr Andrei Kozyrev, the foreign minister and Russia's Choice member.

The man mentioned openly yesterday as a replacement for Mr Gaidar is Mr Grigory Yavlinsky, the prominent reform economist and leader of the Yabloko group in the state Duma. Mr Gaidar said that, in conversation with Mr Chernomyrdin, the latter had raised Mr Yavlinsky as a possible replacement.

Mr Yavlinsky has already been wooed by the president's team, with offers of ministerial posts and committee chairmanships for him and his party colleagues – all of which have been refused.

A first deputy premiership is, however, on a different plane and may be harder to refuse. On the other hand, taking responsibility for an economy still in crisis may be a poisoned chalice he, too, would prefer to pass.

According to the Interfax news agency citing "informed sources", Mr Chernomyrdin has already decided that Mr Oleg Soskovets will continue to be a first deputy premier with an industrial brief; that Mr Alexander Zaveryukha will retain his responsibilities for agriculture as a deputy premier; and that Mr Yuri Yarov, presently a deputy premier with diverse responsibilities, will retain the title in charge of labour, employment, education, science and other issues. If he retains these three relatively centrist and even conservative men, only the post of deputy for the economy remains open to a reformer.

The implications for reform are not clear.

Western economic observers do not believe that all is completely lost. "The peaks are never as high and the lows as low as is often thought in the west," said one observer. "It seems radical reform is out now, and I wouldn't be surprised by wage and price controls, more protectionism, attempts to create large industrial amalgamations, directed credits and so on. But reform is a generation long here. This might prolong the process of getting there for a year or so".

However, another said "this could bring a lot of danger, if all the reformers leave now or soon. It could mean a reassertion of a strategy of control which would not work and which would be highly inflationary – and that could seriously destabilise politics".

Nationalist issues key to Crimea election

Ukraine's Crimean peninsula yesterday held presidential elections, which were dominated by issues of nationalism, Reuter reports from Simferopol.

All but one of six candidates in the region, an autonomous republic within Ukraine, favour Crimea joining Russia or declaring independence.

Ethnic Russians make up about 70 per cent of the 2.5m residents in Crimea, where a lengthy election campaign has been punctuated by three murders and allegations of dirty tricks.

Officials in Kiev, the Ukrainian capital, pinned their hopes on victory for Mr Nikolai Bagrov, head of the regional parliament and the sole candidate calling for Crimea to expand its powers and remain in a federal Ukraine.

The last opinion poll gave Mr Bagrov 23 per cent of the vote, although his supporters hope he will pick up late support from people fearing chaos were a nationalist to win.

Communist leader Yuri Meshkov also commands 23 per cent of the vote. He says Crimea will only prosper if it rejoins Russia.

West puts faith in central bank

By Leyla Boulton in Moscow

Western banks are relying on the Russian central bank to use its discretionary powers to spare them the worst effects of a presidential decree reversing the terms of their licences.

Braving uncertainty over the rights of western banks in the wake of the decree, Citibank on Friday became the first to open a subsidiary in Moscow. Mr William Rhodes, Citicorp vice-chairman, said the bank planned to ask the central bank to endorse its decision.

"If there are any doubts, we will check with the central bank," he said, confirming that this would include seeking direct permission for operations curtailed by the decree.

By the end of this year Citibank plans to open another subsidiary in St Petersburg, the country's second city which has ambitions of taking over from Moscow as the Russian banking capital.

The presidential decree, issued ahead of last month's parliamentary poll to appease Russian bankers who fear foreign competition, said that banks which had received full banking licences but which were more than 50 per cent western-owned, could not begin to serve Russian residents until January 1996. This, in theory, restricts them to offshore banking functions – such as those set out in the more limited licence granted to Bank Austria's Moscow branch.

Last year the central bank gave full banking licences to a dozen western banks in its bid to attract investment and to improve the performance of its own banks by exposing them to competition and know-how.

Dr Michael Franz, head of Bank Austria in Moscow, the first western branch in the Russian capital, vouches for the central bank's ability to assist western banks. He says the central bank has already used discretionary powers to allow him to undertake operations not set out in his original licence. He has, for example, been granted permission to take deposits from joint ventures, and recent central bank regulations allowing non-residents to open rouble bank accounts allow him to conduct operations in roubles, despite stipulations of his licence.

Baby Bell sets up telecoms venture

By Andrew Adonis

US West, one of the US "Baby Bell" telephone companies, has established a joint venture to channel up to $500m (£337.8m) into upgrading Russia's telecommunications.

The Russian Telecommunications Development Corporation brings together US West's existing Russian assets, totalling $110m, $40m of equity commitments from financial investors, and $85m in debt and quasi-equity funding from the Overseas Private Investment Corporation, a US government agency.

The funds, boosted by borrowing and receipts from existing US West investments, will be used to fund network modernisation and mobile communications projects in Russia.

AT&T, the US long-distance operator, has Russian investments but US West is the only one of the seven US "Baby Bells" making a significant commitment to Russia.

Its Russian operations include mobile services in St Petersburg and Moscow, and a 50 per cent stake in a company operating three international gateway telephone switches.

Analysts estimate it will take $80bn-$120bn to bring Russia's telecoms network up to the level of Spain, which is itself far behind the most advanced western nations.

According to CIT Research, a London-based consultancy, Russia has about 15 lines per 100 people, less than the Baltic states but significantly more than Poland and Hungary. Spain has about 35 lines per 100 people.

US West's investment priorities are the "50:50 project" for modernising Russia's trunk telecommunications network, and an expansion in its number of cellular licences. It currently has eight licences, and has applied for a stake in 15 of the 60 likely to be awarded next month.

Seven investors are providing the extra $40m of initial equity investment – Baring International Investment, Capital Research International, Emerging Markets Investors, GT Capital, Invesco CEAM, Montgomery Asset Management, and Morgan Stanley Asset Management.

Greece abandons pledge on staffing

Greece's Socialist government has unveiled legislation which is likely to create 30,000 permanent civil service posts, writes Kerin Hope in Athens.

The draft law, to be presented to parliament later this month, appears to signal the Socialists' abandonment of an earlier commitment to the European Union to cut public sector staffing levels.

Permanent jobs for public sector workers employed on contract for at least six years would swell the civil service by about 8 per cent and further burden this year's budget.

The Socialist government assured the European Commission earlier this month that Greece would renew efforts to cut its borrowing requirement, estimated at 13.9 per cent of gross domestic product in 1993.

The former conservative government's pledge to cut thousands of public sector jobs under a structural reform programme agreed with the EU was dropped last summer.

The public sector wage bill soared after the conservatives granted extra pay rises and made more than 20,000 patronage appointments.

Electoral reform hanging in the balance

William Dawkins assesses the chances of Japan's premier in an upper house parliamentary vote

Mr Morihiro Hosokawa, Japanese prime minister, faces a daunting task this week as he struggles to overcome last-minute obstacles to parliamentary agreement on plans to reform Japan's discredited political and electoral system.

The outcome of the upper house vote hangs in the balance, a new experience for Japanese politicians, used to pre-cooking important decisions well in advance. "I can't tell what will happen until the very end," Mr Hosokawa said on Friday.

Political observers think the seven-party coalition will probably win by a narrow margin, accelerating the upheaval in national politics which began with the collapse last summer of the Liberal Democratic party government. But Mr Hosokawa will have to work overtime to garner the votes needed.

The coalition was aiming for a plenary session vote on Wednesday, the final stage before the four bills become law. But procedural delays and splits in its own camp have now forced the coalition tentatively to aim for a vote in the upper house political reform committee at mid-week, paving the way for a plenary vote by Friday.

Mr Hosokawa's fortunes have fluctuated almost by the hour during a hectic past week of political activity. If Mr Hosokawa fails to get agreement by January 29, the end of the parliamentary session, he is likely to resign and call a snap general election.

Urgent plans to stimulate the economy are stalled as a helpless finance ministry waits on the sidelines for parliament to complete its unpredictable business.

This makes a bewildering change from the days of the LDP, when important decisions were prepared in an orderly manner, by committee, and parliament tended not to produce late problems, lamented one official.

The lower house passed the political reform bills by a bigger than expected margin two months ago, indicating that all was clear for an accord in the upper house, the final hurdle. In theory, the coalition can count on 131 upper house votes, *five more than the 126* needed for a simple majority in the 151-seat chamber.

But the voting arithmetic is complicated by the growing number of dissidents on both sides of the house. The coalition's upper house majority is half the size of that in the lower house, making it all the *more vulnerable to defections*.

On the government side, the unity of the Social Democratic party, the largest coalition member, is shaky, despite a pledge of loyalty to the coalition from the socialists' convention last week.

Coalition officials believe *five or more socialists might* cross the floor and vote against the government, driven by fears that their party will do even worse under the new electoral system – a mixture of single-seat constituencies and proportional representation – than under the present, multi-seat constituency system. Senior coalition officials are working hard to try to pull the potential socialist rebels and undecided independents into line.

Until recently, Mr Hosokawa thought he could count on the support of a little known upper house group, the Niin Club, five populist members led by a *professional comedian*, Mr Yukio Aoshima.

That was until late last week, when Mr Aoshima indicated that the club might side with the opposition, through annoyance at the way in which the government was trying to steamroller reform through *parliament*.

Yet the opposition LDP is also divided. LDP members have been instructed to vote against the bills, reflecting older politicians' fears that reform spells the end of their comfortable careers.

But the LDP gave its leaders clearance on Friday to negotiate a compromise with Mr Hosokawa, so the opposition could change its mind at the last minute. To achieve this, Mr Hosokawa would have to offer compromises that might offend the Socialists, so the chances are slight.

Even if the LDP does oppose the bills, as it did in the lower *house, there will be defections*. An estimated nine LDP upper house members are said to be ready to vote for the reform bills, which would nearly make up for the socialist defections and the unexpected opposition from the Niin Club.

When asked to guess the out*come on instinct*, political observers point out that the LDP does not want to damage its already weak popularity by being seen to destroy political reform, for which Mr Hosokawa has a strong public mandate.

The LDP's finances are in no shape to fight a quick election. On top of this, the socialists are keen to retain their first experience of power for 45 years, if only because recent polls indicate they would fare badly in an election.

A JAPANESE CLIFFHANGER

Predicted vote in 251-seat upper house (number who could vote against own party)

PRO-REFORM		ANTI-REFORM	
Government parties		**Opposition parties**	
Social Democratic	73 (5-15)	Liberal Democratic	99 (3-9)
Clean Government	24	Japan Communist	11
Japan New,		Niin Club	5
Japan Renewal,			
Democratic Reform	23		
Democratic Socialist	11 (3)		
Total coalition	131 (8-18)		
Independents	5 (2)		
Total	**136 (10-20)**	**Total**	**115 (3-9)**

Source: Yomiuri Shimbun

Sheikh on trial in Kuwait

Sheikh Ali Khalifa al-Sabah, former Kuwaiti finance minister, is among five people due to stand trial tomorrow on charges of embezzling public funds, the official Kuwait News Agency said yesterday, Reuter reports from Kuwait.

"The criminal court will look into the case of five persons, three of whom are Kuwaitis, against whom the general prosecution had filed charges of embezzling funds of the Kuwait Oil Tanker Company (KOTC)," the agency said.

The report was the first time Sheikh Ali, who is a member of the ruling Sabah family, had been named by an official body in connection with the case. The agency named the other four as Nasim Mohsen, a Jordanian, former financial manager of KOTC, Hasan Qabazard, former deputy KOTC chairman for financial affairs, Mr Tim Stafford, a Briton, and Abdulfatah al-Badr, the company's former chairman.

Mr Qabazard has been in detention in Kuwait since January last year. Sheikh Ali is currently in Kuwait. The other three defendants are abroad. Sheikh Ali was oil and finance minister from 1983 to 1985, oil minister from 1985 to June 1990, and finance minister from June 1990 to April 1991.

A KOTC official has said the company's total losses from fraud may amount to $200m. A judicial official has said the case alleged fraud involving about $100m. KOTC is a subsidiary of state oil conglomerate Kuwait Petroleum Corporation, which the oil minister chairs.

Turkmen leader wins support

The government of former-Soviet Turkmenistan has said that voters in the Central Asian republic, by endorsing the leadership of Mr Sapurmurat Niyazov, have granted the president a 10-year term of office, reports *Steve LeVine in Istanbul*.

The result of a referendum on Saturday, whose 99.9 per cent margin was predicted because of Mr Niyazov's tight grip on power, probably reflects broad support for his plans to convert Turkmenistan's natural gas into higher living standards for the country's 4m people.

Turkmenistan, like neighbouring ex-Soviet republics of Azerbaijan and Kazakhstan, sits on big reserves of largely untapped oil and natural gas and oil.

Ford in sales call to Toyota

Toyota, Japan's largest carmaker, has been asked by Ford to sell the US car group's vehicles in Japan, writes William Dawkins in Tokyo. Mr Shigeji Tsuji, Toyota's managing director, said that Ford's Japanese unit had approached Toyota and opened talks with Toyota sales affiliates in the Tokyo area. Toyota's decision last year to sell 20,000 General Motors cars annually through its Japanese dealerships, from 1996, marked an important stage in the car industry's attempts to defuse US criticism that Japan was closed to imports.

Jordanian death sentences

Three Moslem fundamentalists in Jordan have been sentenced to death for plotting to assassinate King Hussein at a university ceremony last June, writes James Whittington in Amman.

All are members of the banned Islamic Liberation party which seeks to establish an Islamic state in Jordan. Two of the men were sentenced in absentia while seven others were given 15 years' hard labour.The sentences will now, for the first time, be reviewed by the Court of Appeal. Previously only King Hussein could commute military sentences.

Singapore eyes Asian economies

Mr Lee Kuan Yew, Singapore's senior minister, has said the country is ready to invest up to 35 per cent of its reserves in Asia's fast-growing economies over the next 10-15 years, writes Kieran Cooke in Kuala Lumpur.

Manila under IMF scrutiny

Philippine economic policy will be scrutinised this week during the course of government negotiations with the IMF on a new financing programme, writes José Galang in Manila.

Mr Ernest Leung, finance secretary, said at the weekend the *policy discussions would evaluate whether existing laws could* help government attain economic growth targets.

Everglades clean-up intensified

By George Graham in Washington

The US administration is renewing its efforts to make sugar producers help to restore the Everglades, the spectacular swamp at the southern tip of Florida.

The Interior Department last week won the agreement of Flo-Sun Inc, one of the biggest sugar producers, to a clean-up plan that could cost it $70m-$100m (£47m-£70m) over the next 20 years, reviving a more extensive agreement in principle reached with the sugar industry last summer.

That deal broke down last month amid disputes between environmentalists and sugar growers over details.

But Mr Bruce Babbitt, interior secretary, said the Everglades were a test case for US ability to restore an ecosystem. He promised to press for a comprehensive agreement.

Much of the surviving Everglades, one of the world's largest wetlands with abundant bird and plant life, is protected in a national park but the fragile ecosystem depends on a steady flow of fresh water.

Drainage and civil engineering have created acres of farmland, mainly devoted to sugarcane, to the north of the park. This cuts the flow of water into the Everglades, raises salinity, and pollutes the flow with fertilisers which have nourished algae and exotic plants, choking native species.

With Flo-Sun now accepting a deal, federal and state government pressure on US Sugar, *the other big grower*, will increase.

Salinas seeks sweeping amnesty for guerrillas

By Damian Fraser in Mexico City

President Carlos Salinas of Mexico yesterday called for a special session of Congress to give an amnesty to rebel guerrillas who seized several towns in the southern state of Chiapas on New Year's Day.

The amnesty will be extended to all participants in the uprising, and will cover their illegal acts between January 1 and yesterday.

The president said that there would now be no reason for rebels to remain away from their villages; they could carry on with their lives peacefully.

Mr Salinas said he would soon propose an integrated plan for justice in Chiapas.

The decision followed criticism at home and abroad of the government's repression of the rebellion, and widespread sympathy for the plight of indigenous people in the jungles of Chiapas.

A government official said the amnesty would create better conditions for peaceful solution to the conflict, adding that Congress would be convened today and that the necessary law would be passed as soon as possible.

On Thursday, Mr Salinas had announced a unilateral ceasefire in the conflict. He then said he would pardon rebels who had acted out of desperation or were pressed into the insurrection. The new amnesty, however, will apply to all participants. It seems to be unconditional.

In a further sign of the government's more conciliatory approach to the conflict in Chiapas, Mr Manuel Camacho Solis, government commissioner for peace in the region, has accepted Bishop Samuel Ruiz of San Cristóbal de Las Casas as mediator with the guerrilla movement. At first, the government had indirectly attacked followers of the radical bishop for sympathising with the rebels.

Newspaper columists generally close to Mr Camacho, a former mayor of Mexico City and foreign minister, yesterday sought to play down reports that he would use his new position to challenge Mr Luis Donaldo Colosio, candidate of Mexico's ruling party to succeed Mr Salinas as president via an election this year.

Mr Camacho was Mr Colosio's rival for the party's nomination. The former represents the newly ascendant conciliatory wing in the government.

Peace overture in S Africa

By Patti Waldmeir in Johannesburg

South Africa's radical black Pan-Africanist Congress, blamed by police for numerous attacks against whites in recent months, said yesterday it was suspending its armed struggle and had begun telling guerrillas to disarm.

"We announce a unilateral moratorium on the armed struggle," PAC president Clarence Makwetu said. This was welcomed by Mr Hernus Kriel, law and order minister

But it is unclear whether the suspension will lead to a substantial drop in attacks against whites. Leaders of the movement's armed wing, the Azanian People's Liberation Army, have been carrying out such attacks without seeking approval from, or even informing, PAC political leaders.

The new move seemed to pave the way for PAC participation in the election on April 27. Mr Makwethu said the aim was to show the PAC's "commitment to peace, which is essential to ensure free and fair elections".

An opinion poll in the Johan*nesburg Sunday Times* yesterday showed PAC support at a negligible 1.7 per cent – below the threshold required to gain a seat in parliament.

The poll also showed the African National Congress would win nearly two-thirds of the vote if elections were held now, the second poll in a week to predict such a large ANC victory. The ANC, with a two-thirds majority in parliament, would be able to amend clauses of the new constitution without support from any other party.

The ruling National party had 15.8 per cent in the Sunday *Times poll and the Inkatha* Freedom party 5.2 per cent.

Caracas considers rescue for bank

By Joseph Mann in Caracas

A financial crisis at the second largest bank in Venezuela seems to be the latest manifestation of years of lax banking supervision that has contributed to past banking failures.

Banco Latino, reporting assets equivalent to $1.9bn (£1.27bn) at mid-year, was suspended from the national cheque clearing system by the central bank on Thursday. The Caracas-based bank, with branches throughout Venezuela, is expected to re-open – which it did not on Friday – but there was no official word on when.

The government, meeting yesterday with representatives of the largest Venezuelan banks, was considering solutions. These included direct government intervention (which could lead to a restructuring or liquidation), a government-backed recovery programme without intervention, sale of the bank or its closure and liquidation.

The outcome seen as most likely would be the government and the other big banks providing support so that Banco Latino might recover.

The bank's last published figures, in mid-1993, gave no indication of any financial trouble. It had total deposits of $1.56bn, of which 92 per cent were from the public. In the first half of 1993, the bank had total revenues of $382.4m and net earnings of $10.1m.

Banco Latino, founded in 1950, owns Banco Latino International in the US and a subsidiary in the Netherlands Antilles. It is the country's leading financial institution in passbook savings and trust fund management.

It grew rapidly during the second administration of President Carlos Andrés Pérez, who took office in 1989 but was ousted last year to face corruption charges.

The bank was controlled by Mr Pedro Tinoco, a wealthy businessmen and former finance minister who was a close friend and adviser of Mr Pérez. Mr Tinoco, who died last year, was central bank president from 1989-92. The largest stockholders are Mr Tinoco's estate, the Febres Cordero family, and the Cisneros industrial-commercial group which is controlled by two brothers.

The bank's board blames its predicament on outside forces, including a rumour campaign, an alleged failure by a government entity to pay a debt of $75m on time, and a local television station's news of the government decision to act on the bank. (The news was carried by other media.) The bank said that it lost more than $500m in deposits in recent months due to rumours. Small depositors, however, seem to have been unaware of the bank's problems until it was shut down last week.

The problems will not be fully explained clearly before an independent *analysis of the* books. In recent years of high real interest rates, though, the bank aggressively sought deposits from corporate clients and the general public, offering among the highest rates in the market.

Last year, Veneznela's economy contracted after three consecutive years of strong growth, thereby increasing bad debts and reducing income from loans and investments.

Savings deposits up to the equivalent of $9,345 are guaranteed by the Venezuelan government, although past banking collapses have entailed long delays *before depositors* were compensated.

After the government had intervened in three banks – Banco Nacional de Descuento (1978), Banco de los Trabajadores (1982) and Banco de Comércio (1985) – some clients and creditors never collected, and those responsible for the banks' failures for the most part went unpunished.

Mrs Ruth de Krivoy, central bank president, has worked hard to tighten the regulatory system since she took over in 1992, and a banking law to correct regulatory and other deficiencies took effect this month. This allows competition from foreign banks, sets strict capital requirements and provides regulators with power.

Critics of the Venezuelan banking system, including some bankers, say questionable practices have been common. The newspaper, El Diário de Caracas, outlined a few yesterday. They included connivance between bankers, investors and politicians, sloppy regulation and supervision of banks, [improper] lending to high bank officials, and betting the government will provide *financial* assistance.

INTERNATIONAL PRESS REVIEW

RUSSIA

Russia's press, which is at least half-free, thought the Russian-US summit less than overwhelming. It was respectful – even the opposition press was not as rude as it might be in the west – but it did not profess to *having its socks knocked off*.

Even **Izvestiya**, the most loyal to President Boris Yeltsin, headlined its Saturday report on the two-day visit "Yeltsin and Clinton basically happy – but there are problems". Among them was the readiness, or not, of the Ukrainian parliament to ratify its government's promises. On past experience, said Izvestiya, "we mustn't think that this matter is fully decided."

Nezavisimaya Gazeta (The Independent) was characteristically sharper. Tt said that there was "nothing *special" about the meeting* and that "the expression of support for the reform course which Boris Yeltsin was adopting sounded the same as the noises Boris Yeltsin was himself making about reforms". The resignation yesterday of Mr Yegor Gaidar from a future cabinet put these "noises" in some perspective.

Sovyetskaya Rossiya, the nationalist-communist daily banned since the suppression of the last Russian parliament until last month, said sourly that "the first European journey [of the US president] from Brussels through Prague, Kiev, Moscow, Minsk and Geneva was in the first place to support and strengthen his international standing and in the second to demonstrate once more his support for Boris Yeltsin. The Russian president needs such help permanently."

Moskovski Komsomolets, the irreverent Moscow evening daily, concentrated on Friday on the price of Bill Clinton's suite in the Slavyanskaya Hotel – $185 (£124) a night, it said – against that paid by Michael Jackson last October in the Metropole ($1,500 a night). It also noted that, to avoid disturbance to his few hours of sleep, "the market around *Kiev Station just outside of* the hotel was temporarily closed". Did the president know his visit had suppressed market activity?

BELGIUM

Allegations that bribes were promised or paid to Belgium's francophone Socialist party in 1988, to influence the award of an army helicopter contract, have whipped the Belgian press into a froth of indignation and self-righteousness.

The trigger was the December request by Mrs *Véronique Ancia*, the investigating magistrate, that the parliamentary immunity of three ministers be lifted. But what really inflamed the debate was the leak 10 days ago of her detailed justification of why she wanted to question the trio. That allowed certain elements of the Flemish press to open up Belgium's old linguistic divide and rail against alleged corruption at the heart of the French-speaking political establishment in Wallonia.

Le Soir, the francophone daily, tried to put the debate into perspective on Saturday – the day after a parliamentary committee voted for a partial lifting of the immunity of two of the ministers. Certain Flemish leader-writers had "discredited the whole of the press" with their insinuations, said the paper. But it added that the three ministers, all of whom have denied any wrongdoing, should not have gone public with their own criticism of Mrs Ancia's report: "By doing so, they have adopted the same attitude for which they have criticised the press."

The lifting of the ministers' immunity was inevitable according to most newspapers, Flemish and francophone. Flanders' **Gazet van Antwerpen** said the public would have considered any other decision tantamount to "abandoning the political institutions to the mafia, making hypocrisy a noble virtue and everyday fraud the rule". **De Standaard**, the heavyweight Flemish daily, stressed in Saturday's editorial – headlined "To the very core" – that the investigation was only the start of what should be an in-depth examination of the financing of political parties and the award of military contracts.

A separate parliamentary *committee still has to decide* whether to lift the immunity of the third minister concerned in the affair, but **La Dernière Heure**, a popular francophone paper, summed up the current situation with its banner headline on Saturday: "Round one to Ancia".

IRELAND

The lifting last Wednesday of Ireland's broadcasting ban on Sinn Féin, the political wing of the IRA, has provoked a flurry of comment and analysis in the Irish newspapers.

"A very wrong decision," says an editorial and "A platform for murderers" shouts a headline in the **Irish Independent**, the flagship of a flotilla of newspapers controlled by the Irish millionaire Dr Tony O'Reilly. "Dublin and London are now out of step on a very important matter," the editorial says.

In a more apocalyptic vein in its opinion columns, Dr Conor Cruise O'Brien (who as communications minister in 1976 introduced the Sinn Féin broadcasting ban) writes: "There is a great opportunity here for the opposition. It is up to them to stop a rot that is beginning to affect the very foundations of our democratic state." Nonetheless, the same newspaper in a poll published on Saturday acknowledges that 64 per cent of the population agree with the decision to lift the ban and that 57 per cent do not believe that "they will be swayed in their views" by Sinn Féin interviews.

Most papers favour ending the ban. The **Sunday Business Post** says the ban came about in the early 1970s "in the face of British criticism and internal Fianna Fail feuding. . . the principle of free speech was sacrificed for internal Fianna Fail purposes".

Ireland's paper of record, the **Irish Times**, dedicated several pages to the issue and concluded that the ban "served in equal measure to frustrate broadcasters, embarrass the government and provide Sinn Féin with a sense of grievance bordering on *martyrdom. . . the time* for plain speaking and the putting of strong and straight questions [to Sinn Féin] has arrived".

Capturing that idea, a cartoon in the same paper portrays a radio interviewer asking Mr Gerry Adams, the Sinn Féin leader: "What has mass slaughter and economic mayhem and other aspects of IRA terrorism ever done to benefit the people of Ireland?" An awkward Mr Adams replies "No comment".

Reports from John Lloyd, Andrew Hill and Tim Coone

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Tory press compounds Major's woes

By James Blitz

Mr John Major's political authority faces a fresh test today when he gives evidence to Lord Justice Scott's inquiry into whether the British government illegally sold arms to Iraq in the late 1980s.

Mr Major's appearance before the inquiry marks the first time that a serving prime minister has given evidence to a judge in public.

The session's political significance has been heightened even further by the scandals and party in-fighting which have shaken his leadership since Christmas, amid tensions between Downing Street and sections of the tabloid press, traditionally staunch Tory supporters.

Weekend newspaper reports that Mr Major had spoken derisively about some right-wing members of his cabinet at a Downing Street dinner party last week were the latest indication that the cabinet remains badly split over the theme of "back to basics" and how it impinges on issues of personal morality.

Mr Tony Newton, the leader of the House of Commons, claimed yesterday that reports in the Sun and the Daily Mail – which said that Mr Major had told guests he would happily dismiss any one of the Cabinet right-wingers – were untrue.

Sir Marcus Fox, the chairman of the influential Tory backbench 1922 committee, also claimed that the reports were part of a vendetta by the press against Mr Major.

"There are one or two people in Fleet Street and one or two newspaper owners who make no secret of the fact that they do not like this administration," he said.

These comments have served to underline the deteriorating relationship between the prime minister and some tabloid newspapers, such as the Sun and Daily Mail, that were among the Tory party's strongest supporters at the last election.

Employment Secretary Mr David Hunt yesterday accused some sections of the media of trying to reduce the back to basics campaign to the level of a "Whitehall farce".

Mr Hunt defended the record of both the government and the prime minister and said: "You get unsubstantiated allegations appearing in newspapers without any proof at all and then they will suddenly slip away and then [there are] further unsubstantiated allegations."

Mr Trevor Kavanagh, political editor of The Sun, said there was no doubt that at present The Sun supported the Conservative party, although there had been criticisms of certain aspects of the administration.

"The suggestion that there is any form of vendetta between us and the Conservative party is nonsense. We simply report the stories as they happen, and sadly for the Conservative party they happen all too often these days," he said.

As if to bear this out, the government still appears far from certain how to approach the more sensitive areas of its back to basics policy.

It was confirmed yesterday that Mr John Gummer, the Environment Secretary, had postponed publication of a blueprint on housing policy, fearing that its research into allegations of queue-jumping by single mothers did not stand up to scrutiny.

Plan to enforce investment watchdog body

By Roland Rudd and Alison Smith

The British government is drawing up plans to force life insurers to be regulated by the Personal Investment Authority, the new City watchdog due to come into being this year.

The decision of three leading companies to oppose plans for the authority, which is intended to act as the self-regulatory organisation for the entire retail financial sector, has infuriated ministers. They have interpreted the move as an attempt to destabilise the proposed regime.

Ministers are planning to close a loophole in existing legislation that life insurers could use to avoid being regulated by the PIA. They could opt to be directly regulated by the SIB, which would undermine the PIA's authority.

If companies opt to be regulated by SIB, the government is expected to ask SIB to subcontract the responsibility for regulation back to the PIA.

If the life insurers continue to refuse to acknowledge the PIA's authority, ministers are prepared to bring forward legislation forcing companies to be regulated by the appropriate self-regulatory body.

Creation of the PIA is central to proposals put forward by Mr Andrew Large, SIB's chairman, to improve regulation, which have been strongly backed by Mr Anthony Nelson, the economic secretary to the Treasury.

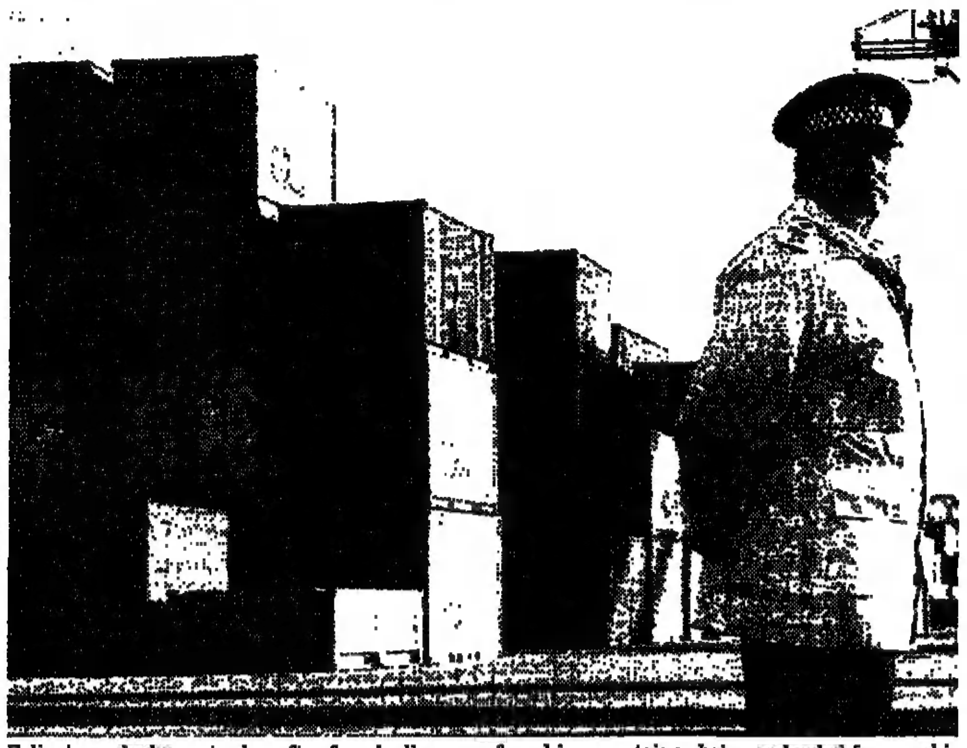
In a debate in the House of Commons last week, Mr Nelson warned that if the existing system failed to protect investors, "the House will have to look at it again. I do not have a closed mind".

The latest exchanges about future regulation of the sector have been sparked by a statement from Standard Life, one of the UK's largest life insurers.

It announced the withdrawal of its support from the plans for the PIA, on the basis that as only nine of the 19 directors would be active industry practitioners, the body would not be a truly self-regulatory organisation, and that statutory regulation was therefore preferable.

Standard Life's decision is understood to have caused particular anger within government.

According to a Whitehall official, ministers were surprised that Mr Norman Lessels, Standard Life's chairman, allowed his deputy managing director Mr Jim Stretton, to resign from the PIA. Mr Lessels is also on SIB's board.



Felixstowe docks yesterday after four bodies were found in a container being unloaded from a ship

Bodies found in cargo container

Four suspected stowaways were found dead on Saturday in a cargo container being unloaded from a ship docked at Felixstowe, in Suffolk.

The bodies were discovered when dockers heard a fifth man, locked inside the container with the bodies of his companions, hammering against the walls.

Police believe all five men, believed to be Romanians, were would-be illegal immigrants who hoped to smuggle themselves into either the UK or the United States. The container – which measured 40ft by 8ft by 8ft – was due to be unloaded and then forwarded on to Galveston, Texas.

The ship, the Patria, had sailed from Le Havre in northern France. The authorities have not yet revealed the ship's home port or its owners.

Venables deals face further scrutiny

By Bronwen Maddox

Further details have emerged of controversial business dealings by Mr Terry Venables, the former chief executive of Tottenham Hotspur, as the Football Association struggles to decide whether to make him England manager.

Panorama, the BBC current affairs programme, has obtained a document which sheds more light on the way Mr Venables raised money to take over the football club in 1991 with Mr Alan Sugar, the businessman. Doubts over the source of that finance have been a main reason for the FA's unease.

A decision on the England manager's post may not now be made this week, as expected.

The document supports an allegation Panorama made in September that Mr Venables signed away assets of Transatlantic Inns when he was no longer one of the company's directors.

Speaking publicly about the deal for the first time, Mr Colin Wright, a director of Transatlantic, said yesterday: "We were horrified when we discovered that all of the assets of Transatlantic had been used by Terry Venables to raise a £1m loan. None of the directors of the company had authorised such a transaction."

The assets, which were the fixtures and fittings of pubs managed by Transatlantic, were pledged to a leasing company in August 1991 and then leased back. The £1m raised by the deal went to Mr Venables' private company, and shortly afterwards he used the cash to pay for his stake in Tottenham Hotspur.

Venables, Page 13

Britain in brief

Optimism on prospects for steel industry

Productivity in the UK steel industry is more than 10 per cent higher than the European average, but steelmakers must continue improving their competitiveness, says a report today from the Confederation of British Industry.

The industry is performing as well as any in the world, and its success in improving competitiveness should be applauded, says Mr Duncan McKenzie, senior economist with the CBI's National Manufacturing Council.

New markets in the Asia Pacific region and China, the Indian sub-continent and Latin America meant the outlook for an increasingly efficient UK steel industry was positive.

Mr McKenzie said exports had risen from £992m in 1981 to £2.77bn in 1992, with the trade surplus rising from £412m to £1.76bn.

Lloyd's faces Jackson loss

Lloyd's of London, the insurance market, is facing a $20m claim arising from the cancellation of pop star Michael Jackson's world tour.

The claim is from the tour's promoters for loss of profits, but further substantial claims may come from Jackson himself – for loss of earnings – and from PepsiCo, the US soft drinks manufacturer which sponsored the tour. PepsiCo pulled out of the sponsorship deal, described as the largest of its kind, when Jackson cancelled the final leg of the tour last November.

Lloyd's could not confirm yesterday whether the Jackson and PepsiCo policies were with Lloyd's. Even if they were placed elsewhere, reinsurance could be with Lloyd's. It is not yet clear whether the claim will be accepted as valid – the reasons for the cancellation could cause problems with settlement.

MPs to probe dam contract

MPs will today investigate a deal signed by the British government in the late 1980s to spend £234m helping to build a 600MW hydro-electric power station on Malaysia's Pergau river, against the advice of civil servants.

The aid package was the largest amount ever spent by the British government on a single overseas development project. But last October, the National Audit Office issued a report saying that the "the economic viability of the project . . was marginal" and that it was "a very bad buy."

In particular, some MPs are concerned that the project might have been linked to a sale of military equipment to the Malaysian government, which would have been illegal under British law.

Salary concern over Railtrack

The UK Treasury has voiced its concern to Railtrack – which is to run the UK's rail infrastructure from April – over the salaries it is proposing to pay some of its directors.

The Treasury's interest in Railtrack's salaries was prompted by the company's proposal to take on a seconded civil servant from the Department of Transport, with reports that his salary could be more than £100,000 if he becomes a full time director.

The Treasury does not want to see a state-owned company "wasting tax payers money" by overpaying directors and believes it is important that Railtrack demonstrates its ability to keep costs low.

British Gas in pipeline plan

British Gas, the former state-owned gas company, is in negotiations to play a leading part in the construction of a 1,200 mile gas pipeline from Bolivia to Brazil.

The project is estimated to be worth a total of £2.8bn, including power generation and distribution. "We are looking to become one of the leading companies involved," British Gas said yesterday.

Work on the pipeline is expected to start in early 1995.

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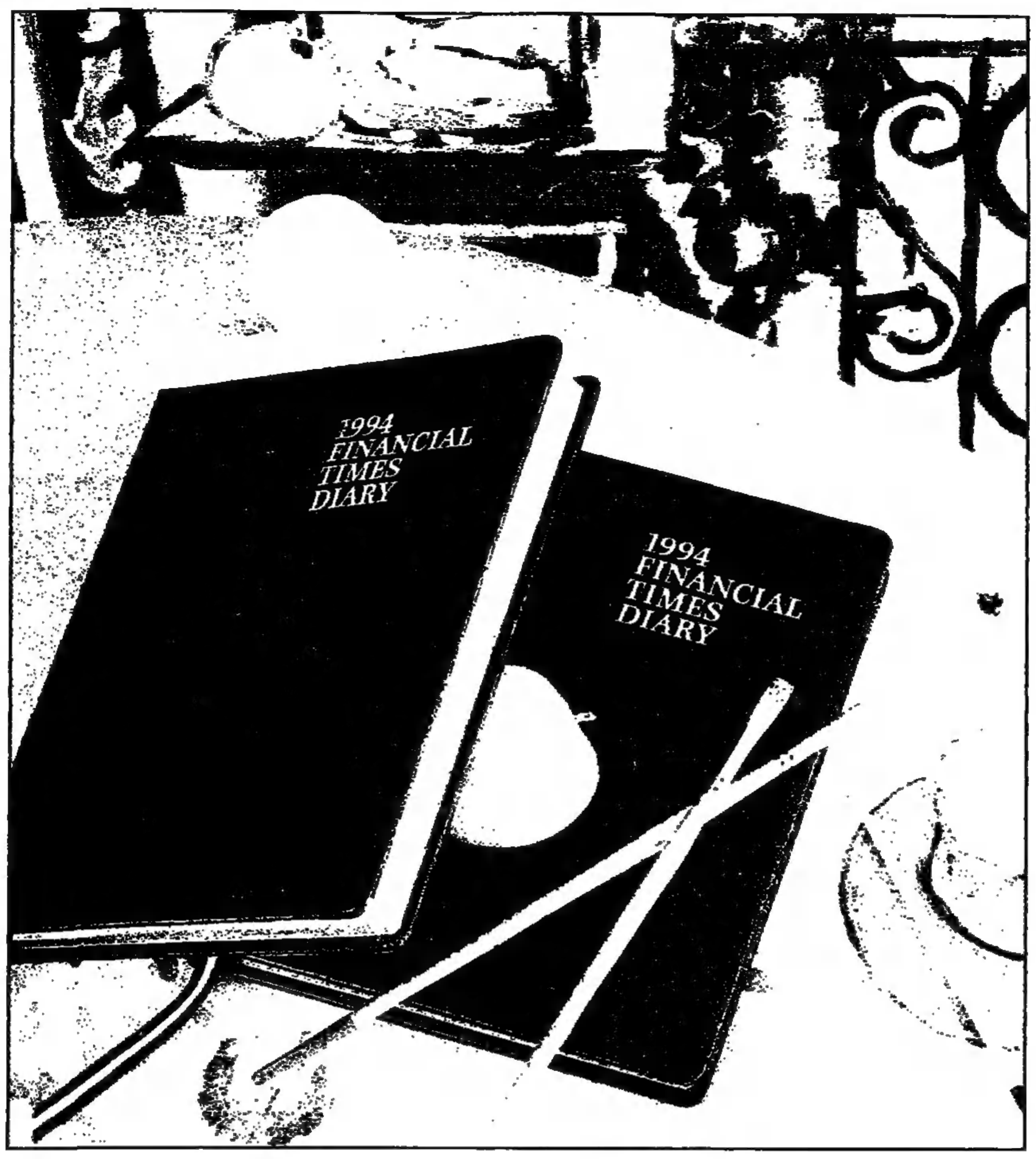

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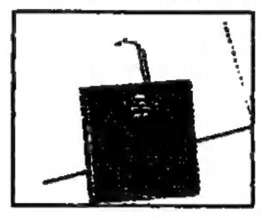

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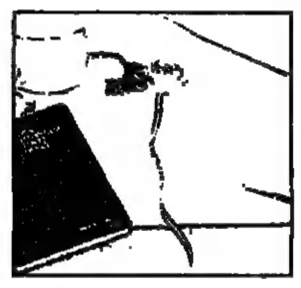

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TIPS FROM THE TOP

Making local heroes international

Percy Barnevik, president and chief executive of ABB, offers advice on building multinational teams for a global company

> **It is occasionally necessary to interfere . . . to force people to overcome the "foreigner" hurdle and safeguard the ideal**

Any multinational approach to management has to start from the top. Thus, ABB's supervisory board of eight includes four nationalities; and its eight-man executive committee is made up of German, Swedish, Swiss, American and Danish executives.

At group headquarters some 150 people represent more than 20 nationalities. The group's 50 global business area managers hail from countries such as Brazil, Canada, Denmark, Finland, Germany, Italy, Norway, Sweden, Switzerland, the UK and the US.

Every one of them in turn leads a team of local managers, each with responsibilities for day-to-day operations in a different country. For instance, a German based in Switzerland with global responsibility for a business area has among his team local managers in Italy, Germany, Sweden, the US, Norway, India, Saudi Arabia and the Czech Republic.

As business gets more globalised, the competitive advantages of multinational teams increase. Any single-nationality corporate culture will run into problems as soon as it aims to integrate larger operations from other countries.

In contrast, once the initial hurdles are overcome – which is no easy task and takes a lot of painstaking effort – multinational teams offer major benefits. Their combined understanding and insight into global and local business problems are much deeper. Benchmarking of operational performance on an international scale becomes routine. Rotation of specialists across borders to transfer best practices runs into far fewer problems and, for example, international supply contracts across borders and joint development projects become the norm.

Multinational teams can make unique use of their complementary skills and backgrounds. So ABB could exploit Finnish and German experience in dealing with Russians, longstanding Austrian relationships with Hungarians and Slovenians, traditional Scandinavian links with the Baltic states and Poland, when expanding into central and eastern European markets.

Now, with established positions in Poland and the Czech Republic, new team members from these countries help in building the group's presence further east.

Similarly, ABB uses Chinese-speaking team members from Singapore, Hong Kong or Taiwan in developing operations in China, or Brazilians and Argentines in pursuing its Latin American expansion. An important side-benefit is that we are able to recruit future global managers from the world.

ABB prides itself on being multi-domestic. The group has deep roots in many countries, respects national differences and cultures, and aims to achieve a strong local identity in each of its many home markets.

At the same time, we strive to develop a global corporate culture for all members of our multinational teams. One key element is having a common language. English was chosen at the outset, although a minority of the present 218,000 employees have English as their mother language.

Today, all executives use English as their common language and ABB's currency for global reporting and consolidation is the US dollar. Most importantly, from the very beginning ABB established a common set of values, policies and operational guidelines to safeguard and promote a group-wide umbrella culture.

Multinational teams do not happen naturally – on the contrary, the human inclination is to stick to its own kind. If in selecting a manager the choice is between a compatriot with a familiar background, and a foreigner whose credentials appear strange and whose language is difficult to understand, objective criteria tend to lose out.

Competence is the key selection criterion, not passport. Therefore, it is occasionally necessary to interfere in the selection process, to force people to overcome the "foreigner" hurdle and safeguard the ideal of multinational teams. The value derived from the combined different backgrounds makes it well worth taking some risks.

Few people have by natural instinct the ability to work well within such teams. It takes patience, understanding and ability to communicate. One important route to developing effective team members is to transfer employees to other countries.

I am not thinking so much of young people who spend six to 12 months abroad as part of their training and development, nor of the hundreds of people from newly acquired companies in former Comecon or Asian countries, who every year learn about modern company operations and get introduced to ABB's values and policies in western Europe and North America.

What I have primarily in mind is young western Europeans being transferred to Asia or America, and North Americans being assigned to Europe, Asia or Latin America. When after some years they return home, they have got a deeper insight into different cultures, and may even have picked up another language. They will have learned that their own culture is not always the measure for all things.

While such transfers on a massive scale may be costly, they are important for the development of effective multinational team members and global managers.

The common denominators in these efforts are communication, understanding and patience. There is no question that the price to pay for a high degree of "multinationality" is a major investment in two-way communication and consensus building across borders. Even after making full use of technical means of communication, a significant amount of time must still be invested throughout the organisation in face-to-face meetings and team work.

In the final analysis, openness, trust and respect are the key words in all this. At the end of the day, all people are "local" with their roots in some home country. It therefore takes a major, systematic and sustained effort to bridge the borders, build the multinational teams and thereby create a truly international organisation. But it is well worthwhile.

Next Monday: Tom Farmer of Kwik-Fit on how to build an honest culture.

Poacher turned TV star

Do headhunters deserve their BBC image, asks Lucy Kellaway

James Fox as headhunter Simon Hall

Simon Hall puts down his glass of champagne and frowns. Uneasy at the length of time his visitor has spent in the Gents, he sets off to find him. Hall opens the lavatory door and recoils in horror. The visitor, the senior partner at Dunwoody Standish, is lying on the floor in a pool of blood with both wrists cut.

Last night's episode of Headhunters, a new BBC drama, does not present the trade in its most flattering light. Hall works for one of London's foremost headhunting firms, where he spends his time on the mobile phone in constant search of bodies to "poach". A client wants to hire an entertainment lawyer: Hall does better by persuading him to poach a whole team. When the head of the old law firm finds out that his valuable assets are about to leave he is so upset he kills himself.

Headhunters have never been the most respected profession, but the message from the BBC seems to be that their ruthless tactics are pushing them to new depths of unpopularity.

Tim Clark, an expert on headhunters at the Open University, argues that the business does not deserve a bad name. He says that from the beginning people have viewed headhunting as a secretive, underhand business, disliking the process by which individuals are approached discreetly and persuaded to move jobs. "It's an easy industry to pick on. So much of the business is confidential. People don't know the full facts."

So what are the facts? Is there a moral problem with poaching? Might it be the responsibility of the headhunter to think about the mess that a person leaves behind when they change jobs?

"The work is very sensitive," says Ian Butcher of Whitehead Mann. "You can create problems if you take out key people. But most senior businessmen recognise that that is part of the game. In any case, our loyalty is to the client."

Far from feeling on the defensive, headhunters view what they are doing with an almost missionary zeal. Paul Buchanan-Barrow of Korn/Ferry says he is "helping clients to make the best use of really excellent people, and helping people use their full potential".

Miles Broadbent of Norman Broadbent agrees that "a successful headhunter provides an opportunity for someone capable of being a chief executive to become one". He lists successful British managers including Sir Colin Marshall at British Airways and Michael Harris at Mercury as among those headhunted into their jobs with great effect.

The business was not always thus. Headhunting was unheard of in Britain until 1961 when Peter Brooke, a young aristocrat who is now a government minister, set up a British office for the US firm Spencer Stuart.

Three decades later the UK executive recruitment market – which includes both search (headhunting) and selection (advertising) – is worth about £500m a year. These days most companies use headhunters to fill any post that carries a salary of more than £70,000. Eton College, the England football team, the government and the Royal Family use headhunters. Even headhunters use headhunters.

Although the business has taken a knock during the recession, growth is forecast. Korn/Ferry boasts that its business is already running at 30 to 40 per cent above the levels of a year ago.

The business has grown partly because senior employees no longer feel unshakeable loyalty to their employers. Yet most do not reply to advertisements, partly because they have no time to comb through them, and partly because they are nervous about being found out.

But even if headhunters add vital oil to the system, it might be argued that they are overpaid for what they do. Top headhunters earn £250,000 or more a year, while a middling one might be on a basic salary of £60,000 to £70,000 with a bonus worth the same again.

Their charges to clients are correspondingly high: a fee on success might be between 25 and 40 per cent of the first year's salary. According to Clark, the largest fee earned on a single appointment in the UK is £700,000.

Hardly surprisingly, headhunters themselves – most of whom are mid-career, and sometimes have impressive CVs of their own – think they deserve their heavy pay packets. Broadbent compares using a headhunter with using a solicitor to do conveyancing. "You want to make sure it is properly done," he says.

A good headhunter must be able to understand exactly what the client wants, and reason with them if the brief is unrealistic. Broadbent has a database of 8,000 to 10,000 possible candidates, and says: "It is our job to know who is potentially movable." For any given appointment he might start with a list of 50 to 100 names, which he would pare down between four and six to present to the client. "We get paid the fee for saving them time chasing around," he says.

Kim Owen-Browne, who runs his own headhunting company, explains that getting the right people involves careful work. He says it is essential to get to know the candidate, which means talking to people who have been their bosses, their peers and who have worked for them.

This endless sifting through CVs and interviews makes headhunting a strange job, not as glamorous as is sometimes thought. According to Buchanan-Barrow, the endless wining and dining of possible candidates is a fiction: he is more likely to be having early morning assignations with people at faceless hotels on the M25 than lunching at the Ritz.

Even though headhunters collectively might not command the greatest respect, individual headhunters tend to find themselves popular wherever they go. "Nobody puts the phone down on them. Not even the prime minister or chairmen of big companies. That was what I found so fascinating," says Bill Bryden, executive producer of the BBC series.

The synopsis for the rest of his television series tells of a mid-life crisis and an escape by Hall to the country in search for his spiritual self. Headhunters may view the next instalments with detachment. They think they have found their spiritual selves already.

CONTRACTS & TENDERS

LEGAL NOTICES

THE MONDAY

People page

Healthy, wealthy . . . and wiser

Having sold his empire, Yves Saint-Laurent is a happier man, says Alice Rawsthorn

On Wednesday the opulent ballroom of the Hotel Inter-continental in Paris will be filled to capacity when Yves Saint-Laurent takes his bow at the end of his latest *haute couture* collection.

In the old days the Saint-Laurent show provided the glittering finale to Paris couture week as befits one of the world's most famous designers and the patron saint of French fashion. But couture is not what it used to be.

The collections have become publicity stunts for the scents and sunglasses that bear the designers' names. The organisation of the shows is now so chaotic that, to the fury of the French, Saint-Laurent has been unceremoniously usurped from the final slot by Valentino, an interloping Italian.

Yves Saint-Laurent, 57, has probably not even noticed. After the show he will be whisked away behind the bullet-proof windows of his limousine back to the tranquility of his 18th century townhouse on rue de Babylone in Paris.

He lives there as a recluse with a few faithful servants, his posse of body-guards and his treasures: the Matisses in the library, the Edward Burne-Jones tapestry in the *salon* and the Andy Warhol portraits of Moujik, his beloved dog.

For years members of the Paris social scene have spun sad stories about Saint-Laurent's illnesses and addictions, his problems with drink and drugs. But the rumours have died down in the past year. He has dried out, lost weight and now looks much healthier.

In any other country Saint-Laurent's traumas might make him prey to scandal or ridicule, but in France they simply add to his stature. He is, after all, an icon in fashion, an industry that is not only economically important to the French but cherished as part of their heritage. His vulnerability, his eccentricities, even his troubled mental history conform completely with the Gallic cliché of the tortured genius traumatised by his own talent.

Saint-Laurent says that his problems started at school. He led a sheltered childhood in Algeria, then a French colony, as the adored only son of Charles, a wealthy business man, and his glamorous wife, Lucienne. But school was hell. "Perhaps I didn't have what it took to be a boy," he once said. "I didn't conform. My homosexuality was obvious. They hit me or locked me in the toilets. It was psychological torture."

He escaped to Paris at 17 when he won first prize in a fashion contest. Karl Lagerfeld, the son of a German condensed milk magnate who is now his arch-rival as chief designer of Chanel, came second. Saint-Laurent then spent three months at fashion school before being hired as an assistant by Christian Dior, the grand old man of French fashion. Dior died suddenly in 1957 and Yves, still only 21, was catapulted into the most prestigious position in Paris fashion. His first collection was a triumph. "Saint-Laurent has saved France", was the headline in Le Figaro.

Disaster struck three years later when Marcel Boussac, the machiavellian owner of Dior, loathed one of Saint-Laurent's collections so much that he allegedly "arranged" for him to be conscripted into the army. Military life was just like school. Saint-Laurent had a nervous breakdown and was admitted to the mental illness ward of a military hospital. He stayed there for three months until he was rescued by Pierre Bergé, a young art dealer who had fallen in love with him at a Paris party.

Bergé then sued Dior, which had replaced Saint-Laurent with another designer, Marc Bohan, for breach of contract and used the FFr40,000 damages to begin their own business. Saint-Laurent went on to dominate 1960s fashion with a string of innovations from micro-minis to trouser suits. He and Bergé bought the townhouse on rue de Babylone and a sumptuous château in Normandy where they entertained the cream of the jet set.

By the late 1970s Saint-Laurent was the toast of the fashion world and fabulously rich, thanks to Pierre Bergé's business acumen. But Yves found it increasingly difficult to cope with the stress of the fashion business and the legacy of his childhood traumas. He retreated into his own world to wrestle with his depression. He has rarely been seen in public for the past ten years apart from brief appearances on the catwalk at the end of each collection. Bergé moved out of rue de Babylone in the early 1980s. He now has his own townhouse on nearby rue de Bonaparte and a new companion, Robert Merloz, once one of Saint-Laurent's assistants.

PERSONAL FILE

Born: 1936 in Oran, Algeria

Education: Lycée in Oran

Career:

1954: design assistant to Christian Dior
1957: chief designer at Dior
1962: founds his own fashion house with Pierre Bergé
1983: selected for first retrospective of a living fashion designer at Metropolitan Museum, New York
1989: YSL becomes first French fashion house to go public
1993: controversial $650m acquisition of YSL by Elf Sanofi

Saint-Laurent's days as a fashion innovator are long over. As his neuroses mounted, his designs became more conventional. Yet his 1960s achievements have assured his place in the fashion history books and the classic styles in his 1980s and 1990s collections are much more attractive to the middle-aged women who actually buy *haute couture* than the avant garde looks favoured by the fashion purists.

In the meantime Pierre Bergé has moved into the limelight. He entered the political arena in the 1980s as a confidant of François Mitterrand, the socialist president who, in 1988, made him head of the Opéra de Paris. He also stepped up his business deals, culminating in last year's $650m acquisition of Saint-Laurent by a subsidiary of Elf Aquitaine, the state oil group.

The Elf deal caused a furore because of speculation over Mitterrand's suspected involvement and payments of $72m each to Saint-Laurent and Bergé. Bergé's fortunes have faltered since the socialists lost power. He has been ousted from the Opéra and the police are investigating allegations of insider dealing in Saint-Laurent shares on the eve of the Elf transaction.

The final indignity was last autumn's court case when a group of champagne companies forced Saint-Laurent to change the name of its new perfume, Champagne, in France.

Saint-Laurent himself seems in better shape than for years. He talks openly about the improvement in his health since he conquered his drink and drug addictions. He has told friends he feels liberated by the sale of the business.

He still spends most of his time behind the black lacquered doors of rue de Babylone. But he is often spotted walking his dog and sees more of old friends such as Cathérine Deneuve, the actress, and Loulou de la Falaise, his vivacious design assistant. He also makes more frequent visits to his summer house in Marrakesh and his Normandy château, where he arrives by helicopter and is then transported around the grounds in a pony and trap.

Saint-Laurent even made an appearance at a party given last month by Bettina Graziani, a favourite former model at Dior. Paris-Match approved of his "tender look, timid smile" and his refusal to drink "anything other than orange juice and Coca-Cola".

Personae . . .

Schulmeyer returns to the 'fun' world of high-tech electronics

Hans-Dieter Wiedig reckons he has crammed 20 years' work into his 10 years at the head of Siemens' computer business. The past three, spent trying to blend the conservative old group's operations with those of the free-wheeling Nixdorf enterprise, have been especially stressful, writes Christopher Parkes.

In the past 24 months, Siemens-Nixdorf Informationssysteme (SNI) has booked losses of almost DM1bn.

But his trials come to an end on October 1, when he surrenders his post to 55-year-old Gerhard Schulmeyer.

Formerly with Motorola, and now a main board member running the engineering group ABB's operations in the Americas, Schulmeyer says he believes his new job will be "fun".

That remains to be seen – as does the reaction of the existing management to the appointment of an outsider. Top jobs in typically conservative German corporations are traditionally reserved for home-bred talent. But SNI, preparing to cast off 5,000 more employees and announce another DM300m-plus loss this year, requires special treatment.

The first signs of group chairman Heinrich von Pierer's resolve to break with tradition appeared last autumn when he brought in Tandem's Robert Hoogstraten as SNI marketing director.

Further signs of his determination to plug SNI's profits drain emerged last week when he announced that he would personally take the chair of the subsidiary's supervisory board next October when Schulmeyer (who arrives in July) formally takes over from Wiedig.

The job at hand is to meet von Pierer's self-imposed deadline of 1996 for the business to reach break-even – and thus a position of relative strength from which it can negotiate on equal terms with potential partners. Wiedig, who is to be found a new job within the group, will also take a seat on the SNI supervisory board – from where he will be able to offer Schulmeyer the fruits of his "20 years" experience.

Schulmeyer, who has dual German and American nationality, returns to the line of business he knows best: high-tech electronics.

In the late 1970s he worked for Wega Radio, a Sony subsidiary, before moving to Motorola, where he worked between 1980 and 1989, latterly as executive vice president and deputy to the chief executive running Motorola Europe.

He then moved to ABB, based in Stamford, Connecticut, and at the end of the year went on to the main board.

As chief executive officer of ABB in America he presided over the integration of two important acquisitions, Combustion Engineering, and the transmission and distribution businesses of Westinghouse, although his period at the helm was characterised by what the company terms "flattish" earnings.

A restructuring of ABB last October put Schulmeyer in charge of the group's business throughout the Americas.

Prudential picks outsider to fill Jackson's hole

Next month Bob Saltzman will become the first person from outside the founding family to be president and chief executive of Jackson National Life, one of the largest US life insurance companies, writes Alison Smith.

Set up in 1961 as a family firm, Jackson National was acquired in 1986 by Prudential, the UK's largest life insurer, but the senior management remained in place. David Pasant, the younger son of the founder, left last June after 20 years with the company.

Saltzman, 51, was appointed after Mick Newmarch, the Pru's chief executive, had seen a number of candidates found by a search consultancy.

Newmarch says Saltzman, who spent the past ten years at SunAmerica, one of Jackson National's rivals, was chosen on the basis of his 30 years' experience in the industry and because of his success at SunAmerica where he was executive vice-president.

In the gap before Saltzman was appointed, Jackson National was run by John Knutson, chief operating officer, who will stay with the company. "He has been minding the shop pro tem and dependably, but we were interested in someone to take responsibility for the whole operation," Newmarch says.

He was not, he added, disappointed at not being able to appoint a chief executive from within Jackson National; Pasant was only in his early 40s when he left, so the succession policy was bound to be different from what it would have been had the chief executive been older.

Female judge on Japan's supreme court

Hisako Takahashi, a former director general of the labour ministry, has been named as Japan's first female supreme court justice, writes Emiko Terazono.

Takahashi, 66, will become one of the country's 15 supreme court justices when she succeeds Osamu Mimura, who retires next month. Prime minister Morihiro Hosokawa is trying to follow President Clinton's initiative to increase the number of women in key official posts.

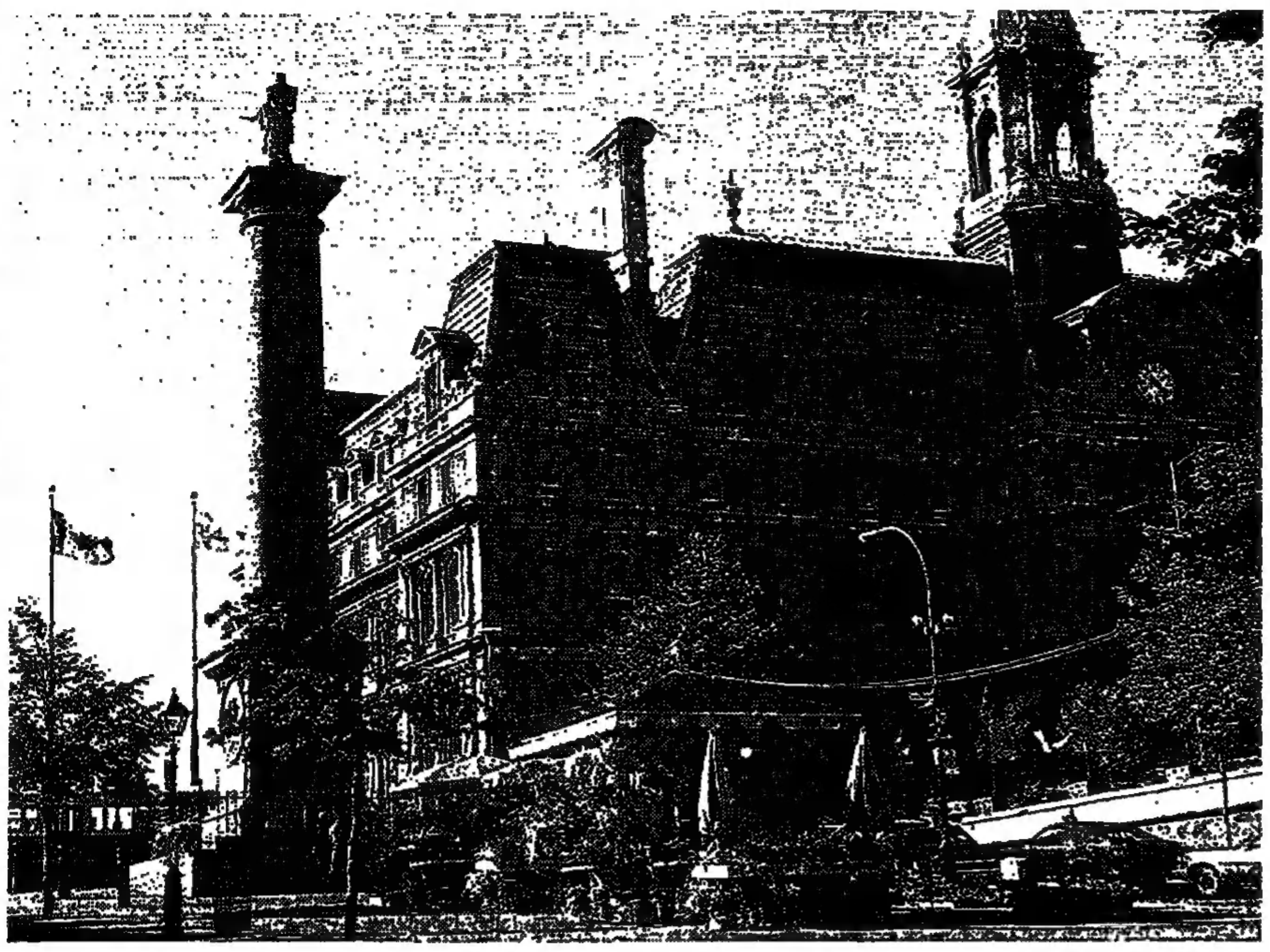
Hosokawa had been concerned that although women are currently holding top legislative and administrative posts, none was held in the judicial branch. Takako Doi, former leader of the socialist party, has become the first female speaker of the lower parliamentary house, and there are three female cabinet ministers.

Takahashi entered the labour ministry in 1953 after graduating from the University of Tokyo. She left last year after serving as cabinet counsellor and director general.

The appointment will be formalised at a meeting of the cabinet on January 25 and will take effect on February 9.

Non-French speakers need not worry: Montreal is an easy and enjoyable place in which to do business, says **Bernard Simon**

Don't be daunted by Poulet Frit Kentucky



The Hutchison Library

Montreal: the biggest French-speaking city after Paris has the elegance, architecture and culture of a European capital

The signs to "centre-ville", rather than city centre, as you leave Dorval airport are a sign that Montreal is a North American city with a difference.

With the elegance, architecture and culture of a European capital, Quebec's financial hub has a special ambience. Splendid museums, a fine symphony orchestra and a dizzying choice of restaurants can make a business trip to Montreal an enjoyable experience.

Nevertheless, visitors whose French is limited to a few tourist phrases (or those who have yet to master the distinctive Quebecois dialect) may feel nervous at the thought of getting around and doing business in the world's biggest French-speaking city after Paris.

That discomfort is bound to increase on the drive from the airport. Billboards and signs along the roadside are in French, and only French. There is no Kentucky Fried Chicken in Montreal, only Poulet Frit Kentucky. What once was called Craig Street is now rue St-Antoine. More recently, Dorchester Boulevard, Montreal's main street, was renamed boulevard René-Lévesque, in honour of a Quebec separatist hero.

Although the travel agent may have booked a room at the Four Seasons or the Queen Elizabeth, the taxi drops you off at Hotel Le Quatre Saisons or Hotel Le Reine Elizabeth.

The city's newspapers – the only one written in English is the Montreal Gazette – are filled with stories on the popularity of Quebec's French-first nationalists. The Bloc Quebecois, which aims to make Quebec an independent country by the end of the decade, won enough seats in last October's general election to become the main opposition party in the House of Commons in Ottawa.

Its provincial counterpart, the Parti Quebecois, is leading in opinion polls in the run-up to provincial elections later this year. If it wins, it has promised to hold a referendum on independence by late 1995, and to reverse recent relaxations in the French-first language law.

With such a rise in nationalism, can a non-French speaking visitor possibly enjoy a visit to Quebec, let alone seal a business deal there?

Relax. A knowledge of French is useful, especially in shops, restaurants and in dealings with Quebec government officials. But it is by no means essential. "It's the bottom line that counts," says Mr Howard Gosselin, a Canadian who heads Barclays Bank's office in Montreal. "If they can make money by dealing with someone who doesn't happen to speak French, well, so what?"

Although Montreal has all the appearances of a French-speaking city, it is more accurate to call it bilingual. English is the mother tongue of about a third of its 3.2m residents, including many members of the immigrant community (known locally as "allophones"). Before you have a chance to mumble an apology to your Quebecois hosts for your mangled French, they are likely to put you at ease with a tale in fluent English about their latest trip to London, Moscow or New York.

Until the late 1970s, Montreal was dominated by pillars of the Anglo-Canadian establishment such as Canadian Pacific, the transport and resources conglomerate, Royal Bank of Canada, Sun Life, the insurance company, and Alcan, the aluminium producer. But the rise of an assertive group of Quebecois entrepreneurs, coupled with the departure of English-speakers to Toronto in the late 1970s, when a form of independence appeared to be on the horizon, has created a new business class of well-educated French-Canadians.

Nowhere in Canada was support for the 1989 free trade agreement with the US stronger than in Quebec. Montreal-based companies such as Bombardier (transport equipment), Videotron (cable-TV) and Quebecor (printing and publishing) are now among corporate Canada's brightest stars.

Montreal does, however, retain some hallmarks of a close-knit community. Many business deals are still clinched over lunch in the city's somewhat stuffy clubs, like the Mount Royal and the St James.

A handful of institutions, notably the Caisse de dépôt et placement du Québec (the public-sector pension fund), Hydro-Québec (the power utility) and the Desjardins financial services group, are very influential. Business visitors would be well-advised to cultivate contacts in one or more of these organisations.

"More than most other cities, there's a very genuine and fully developed relationship between senior people in business, the universities and government," says Mr Reid Scowen, Quebec's delegate-general in New York. "Everybody knows each other and works together."

Barclays' Mr Gosselin adds that French-Canadians "work hard and negotiate hard, but they don't take themselves as seriously as others [North Americans] do. There's a little more warmth in their attitude."

According to a recent opinion poll published by Maclean's magazine, 40 per cent of Canadians agreed with the statement that "we should eat, drink and be merry, for tomorrow we may die". In Quebec, the proportion is 71 per cent.

This zest for life is reflected in Montreal's array of fine restaurants. Among businessmen's favourites in the old city are the swish La Marée (404 Place Jacques Cartier) and St-Amable (188 rue St-Amable). My own choice is Claude Postel (443 rue St-Vincent): located in a former mortuary and yet to be discovered by tourists or the corporate public relations set, it serves a mouth-watering *tarte de tatin* (made with caramelised apples).

Popular spots in the office and shopping area south of McGill University include Restaurant Julien (1191 avenue Union), Le Cintra (2072 rue Drummond) and the more casual L'Actuel, whose speciality is mussels (1194 rue Peel). Milos (5357 avenue du Parc), an informal Greek seafood restaurant, is a 10-minute drive from downtown.

But if you like to dine early, prepare to dine alone. Montrealers tend to eat later than other North Americans. Most restaurants start to fill up only after 8pm.

Montreal's top – and thus most expensive – hotels are the Ritz-Carlton and the Four Seasons, which are close to each other on rue Sherbrooke Ouest. If your business is in the old financial district around rue St-Jacques (still known to old-timers as St James Street), the Hotel Inter-Continental on rue St-Antoine Ouest and the less expensive Hotel Radisson Gouverneurs at Place Victoria are convenient.

I usually try for a room at the Centre Le Sheraton on boulevard René-Levesque. Although in many ways just another large, modern hotel, the Sheraton offers good value for money in a good location (among other things, it is the first stop on the airport bus route).

Quebec winters are brutal and long. A foreign visitor will be far more miserable without the right clothing at this time of year than without a French phrase book. Temperatures often hover for days at minus 15°C-20°C. Streets and pavements are covered with a messy – and often treacherous – combination of snow, ice, slush and salt.

Gloves, a warm coat (a lined raincoat will do) and rubber overshoes or boots are essential. A hat is advisable. Anyone not used to walking on ice-flecked pavements should take care, especially on the streets sloping down from Mount Royal to the St Lawrence River. One wrong step and your lasting memory of Montreal will not be a fine meal, but the bruises, soiled clothes and embarrassment of being on your hands and knees in the middle of Beaver Hall Hill.

Even this well-known landmark is now known by an incongruous official French name: côte du Beaver Hall.

There's no need to rock the boat over New York hotel surcharges

Costs that do not scrape the sky

Don Munro on New York hotels charging less than $100 a night

Travellers staying in New York hotels can have a nasty surprise: a nightly 19.25 per cent room sales tax, plus a $2 occupancy tax. New York City levies the taxes on rooms costing more than $100 (£68) a night. A lower tax of 14.25 per cent, plus $2, applies to rooms costing less than $100.

While such weighty surcharges can push a night in one of New York's ritzier hotels out of the reach of some business travel budgets, the city does offer several alternatives. There are many moderately priced hotels, and weekend stays can bring savings.

Among the establishments offering rooms for less than $100 a night is one of New York's most chic hotels, the Paramount (telephone 212 764-5500) at 235 W 46th Street.

Even if you dislike the lobby, with its gold frescoes of signs of the zodiac, the rates should appeal

You can get a single room at the weekend for $99. Bearing the mark of French designer Philippe Starck, the Paramount features beds with framed artworks that serve as headboards; cone-shaped, stainless-steel sinks; and a 24-hour health club. Video recorders are standard in all rooms, and guests can watch movies from a 1,000-title library.

If you do not appreciate the Barbizon Hotel's lobby, with its deep blue, domed ceiling decorated with gold frescoes of the signs of the zodiac, you are likely to enjoy the room rates. Studios, which include single or double beds and a TV set, cost $99 a night. The Barbizon (telephone 212 838-5700) is located at 140 East 63rd Street.

It is hard to beat $75 a night for lodging in Manhattan. That is the price of a studio, comprising one big room with a TV, at the Esplanade Hotel. It is located close to Lincoln Center and Riverside Park at 305 West End Avenue (telephone 212 874-5000). For $20 extra, you can have a suite, which consists of one bedroom with a sitting area, kitchenette and TV. However, the hotel prefers to rent to guests by the week or month, so you might not be able to take a room on a nightly basis.

Single rooms at the Wentworth Hotel (telephone 212 719-2300), located in the jewellery district at 59 West 46th Street, cost from $75 a night. Doubles start at $85. Each of the 195 large rooms features at least one double bed.

Midway between Rockefeller Centre and the United Nations is the 730-room Lexington Hotel, at 511 Lexington Avenue (telephone 212 755-4400). Until April, single and double rooms, which include TVs, begin at $85 a night. The hotel offers free admission to its country and western dance club.

At the Comfort Inn Murray Hill at 42 West 35th Street (telephone 212 947-0200), single and double-room rates start at $94 and $99 a night, respectively. Its 120 rooms feature colour TVs. Don't forget to get your share of free coffee and Danish pastries that are served each morning.

At 228 W 47th Street, in the Times Square area, the 1,000-room Edison Hotel (telephone 212 840-5000), with its art-deco lobby, advertises single rooms starting at $90 a night and double rooms at $99. Each room comes with a colour TV set.

Swissair appeals to Biggles

Not just anyone can get their hands on the controls of a commercial jetliner, but Swissair is offering the next best thing: a chance to pilot one of its seven flight simulators.

The Swiss national airline is to rent out spare time on its Zurich-based machines, which simulate the performance of the Boeing 747, the McDonnell Douglas MD-11 and MD-81, the Airbus A-310 and the Fokker 100.

The fee varies from SFr500 to SFr850 (£230 to £390) per hour, including an instructor and an on-hand Swissair pilot.

Flight news

- British Airways will begin a daily nonstop service between London's Gatwick airport and Charlotte, North Carolina on January 20.
- United Airlines and Lufthansa are giving members of each airline's mileage programme credits on flights operated by either airline elsewhere in the world.
- Criminal charges have been filed against six people accused of acting in collaboration with airport police to rob six foreign travellers at Manila airport.

Fares for 'Le Shuttle'

The cost of taking a car through the tunnel under the English Channel will range from £220 to £310.

Eurotunnel, the Anglo-French company operating the service, plans to carry its first fare-paying passengers on May 8, after the official opening by the Queen and President Mitterrand.

The journey will take 30 minutes, compared with nearly an hour by hovercraft and about 80 minutes by ferry. With the tunnel fares at airline levels, competition promises to be tough: Channel Ferry operator Stena Sealink last week announced fare cuts under a complete overhaul of its tariff structure.

Eurotunnel can afford to start dear: in the early months it will have limited shuttle capacity and may be unable to meet demand. But as deliveries of the special rolling stock to carry cars, coaches and trucks through the 32-mile tunnel build up and the frequency of shuttle departures increases from two to four an hour, analysts think they may forced to reduce fares to fill the spaces.

Watch out for Venezuela

The Foreign Office warns that violent street crime is increasing in major cities, particularly in Caracas, Maracay, Valencia and *Maracaibo*.

Watch out for Liberia too

The Foreign Office is advising UK nationals not to travel to Liberia. Although a ceasefire is in effect, and peacekeeping and relief contingents are gradually deploying, the situation, particularly outside Monrovia, remains unpredictable.

Ireland beckons

Virgin Airlines has started a new service to Dublin from London's underused City airport in the east-end of the city. Aer Lingus is to fly non-stop between Dublin and New York later this year by leasing three new Airbus A-330 aeroplanes. The Irish national operator plans an introductory 20 per cent price cut and a $1m (£600,000) promotional campaign in the US. Although the Airbus aeroplanes are smaller than the Boeing 747s they replace, the increased frequency of flights will increase Aer Lingus' transatlantic capacity by 33 per cent.

Dearer France

Travellers to France face a series of price hikes on cigarettes, petrol and telephone calls, leaving almost no one in the country exempt.

From this month, smokers will have to pay 13 per cent more for cigarettes and tobacco on Monday, petrol is up by 2.3 per cent, and domestic telephone calls will be invoiced on the basis of a three-minute chat, instead of the previous six-minute base rate.

Likely weather in the leading business centres

	Mon	Tue	Wed	Thur	Fri
Tokyo	9	6	5	7	8
Hong Kong	20	18	17	14	14
London	2	4	6	8	9
Frankfurt	-1	-1	-2	-1	1
New York	0	-4	-10	-6	-3
L. Angeles	25	24	24	23	21
Milan	7	7	3	7	8
Paris	3	1	-2	1	5
Zurich	0	-2	-5	-4	-3

Maximum temperatures in Celsius

Information supplied by Meteo Consult of the Netherlands

Opera/David Murray

Xerxes provides a sumptuous feast

How many modern Handel stagings get to enjoy revival for a fourth [redacted] around? That is the rare and happy achievement of [redacted] Hytner's version of *Xerxes*, deftly reproduced once more by Julia Hollander for the English National Opera. The translation, too, is by Hytner – bright Restoration pastiche for the arias, cocky fast-forwards to modern talk in the recitatives, all of it singable. Hytner is a man of many parts.

Xerxes (*Serse* in the original Italian) is late-middle Handel, one of his few semi-comic operas. Hytner treats the opera comically throughout, and not just [redacted] *buffo* scenes. That entails only [redacted]. The feast of [redacted] that [redacted] provides – [redacted] a little [redacted]ting later on, and a final septet, [redacted] in reign [redacted] – survives [redacted] bit of guying in the "serious" numbers. Hytner [redacted] the statelier [redacted] with loopy [redacted] jokes in [redacted] background, just [redacted] keep things going, and [redacted] arias [redacted] while [redacted]tically despairing brother, Arsamenes, (Christopher Robson) sings the last [redacted] laments, he shrivel[redacted] position [redacted] floor.

If [redacted] lofty melodrama [redacted] Handel operas, grand Persian [redacted]pies and [redacted] rigueur. [redacted] besides [redacted] comic go-between Elviro (chirpily taken [redacted] by Paul Napier-Burrows), [redacted] plot [redacted] frothy [redacted] of lovelorn confusions. Hytner [redacted] it to an 18th-century spa (Persepolis [redacted] glimpsed in the distance), peopled by starchily indifferent [redacted] and grand, whey-faced servants, [redacted] better [redacted] point [redacted] absurdity [redacted] it all. It is not overdone, [redacted] David Fielding's very pretty designs are rich in [redacted] jokes.

The silly story [redacted] frail [redacted] for carrying [redacted] 3½-hour opera (this *Xerxes* [redacted] bravely uncut), but the arias do make [redacted] sump[redacted] the [redacted] excellent principals. Robson [redacted] Yvonne Kenny [redacted] old [redacted] in [redacted] show (neither in [redacted] voice, but alert and engaging nonetheless), and [redacted] the stalwart Louise Winter and Jean Rigby, in breeches-roles.

As Xerxes' commander Ariodates, Mark Richardson makes an impression of char[redacted] musical [redacted] out of all proportion [redacted] part. The winning [redacted] Atalanta is Nerys Jones, bright-voiced and with the mobile face of [redacted] clever sit-comedienne. The conductor Ivor Bolton, probably anxious about the passing hours, occasionally bustles the [redacted] along [redacted] hard, but [redacted] also realises much of the music in beautiful style. For Handelians, this is an evening of many delights.

Alastair Muir

Louise Winter [redacted] and [redacted] Kenny in [redacted] English [redacted] Opera's [redacted] reading [redacted] Handel's [redacted]

Hamilton's Gaslight shines as a melodrama

Few British 20th-century writers [redacted] be undergoing such [redacted] rapid rehabilitation as Patrick Hamilton who died, [redacted] then almost forgotten, in [redacted] Within the past year [redacted] so, there has been a new biography by Sean French, a successful revival of Hamilton's play, *Rope*, [redacted] Chichester, and now [redacted] thoroughly enjoy[redacted] *Gaslight* in Edniburgh.

In the [redacted] Hamilton was [redacted] considerable literary figure, [redacted] by [redacted] fellow writers [redacted] J.B. Priestley, [redacted] Coward, Ivor Novello and Graham Greene. The only question seemed to be whether he would [redacted] remembered more for his novels than his plays. It was the plays that [redacted] him affluent. Hollywood picked him [redacted] and there [redacted] movies of both *Gaslight* and *Rope*.

[redacted] his brother, Bruce, related in a biography pub[redacted] in 1972, [redacted] partly the [redacted] that drove Hamilton [redacted] drink, [redacted] at least allowed him to drink [redacted] such [redacted] in relative comfort. Clearly there [redacted] other factors. Hamilton developed [redacted] rigid attachment [redacted] Stalinism and was [redacted] close acquaintance of the writer, Claud Cockburn. He had strange [redacted] about religion [redacted] disliked abroad.

[redacted] many Englishmen, however, perhaps the key fact about him [redacted] that [redacted] second world [redacted] interrupted his career. When the war [redacted] over, just like Coward he went on writing. But the world had changed and reputations dipped.

After a decent interval, however, we can begin [redacted] to respect the old crafts. *Rope* is a psychological thriller about a "perfect murder" based on [redacted] real [redacted] *Gaslight* was originally presented as [redacted] thriller as well – [redacted] Richmond, then in London's West End in 1939.

In Kenny Ireland's revival, *Gaslight* [redacted] become [redacted] of a melodrama, and is [redacted] the [redacted] that. Sometimes [redacted] comes close to comedy. Whenever anything dramatic is happening, there [redacted] a tendency for heavy cello playing in the background [redacted] the chiming of bells. It [redacted] not until the [redacted] that there is [redacted] real frisson. This is when it becomes quite conceivable, even if you know the [redacted] in advance, that the director will change it and Mrs Manningham will slit her husband's throat instead of just teasing him.

The play was initially [redacted] in an unfashionable part of [redacted] London around the end of the last century. It was a brilliant idea [redacted] change the place to Edinburgh, which is [redacted] more appropriate, for much of the atmosphere is heavy, formal and dour, but not without manners.

At least [redacted] passage might have been written for the Scottish stage. When Mrs Manningham [redacted] introduced to a new medicine by the kindly former detective Rough, she asks what it tastes like. "Delicious!" Rough replies. "Something between ambrosia and methylated spirits. Do you mean to [redacted]ay you've never tasted good Scotch whisky?" Mrs Manningham remembers that it is what her mother used to give her when she had a fever [redacted] a child: her appreciation comes back, and gradually her sanity.

If there [redacted] a flaw, it [redacted] that the gaslights – which are central to the plot – never go down quite dramatically enough when there is a prowler upstairs. Thus the really sinister element of the piece has been diminished.

For the rest, the acting and direction are terrific. Vivien Heilbron, in the part first played by Gwen Ffrangcon-Davies, is a superbly neurotic Mrs Manningham throughout. At the end, when she realises she is sane, she becomes almost frightening in the potential use of her power. John Fraser as Rough is an amiably Scottish former policeman, perhaps with too much of a doctor's bedside manner. And David Rintoul [redacted] Mr Manningham is [redacted] elegant a Victorian villain [redacted] you are likely to find

Malcolm Rutherford

Royal Lyceum, Edinburgh, until Feb [redacted] (031) 229 [redacted]

Museum honours a jazz genius

Christina Lamb visits a new exhibition celebrating the life and work of Duke Ellington

T[redacted] dragon-like piano teacher, [redacted] any early [redacted] music, [redacted] familiar image [redacted] many people. It [redacted] visualise the young Duke Ellington as [redacted] small, baseball-besotted, Afro-Ameri[redacted] boy writhing on [redacted] piano stool [redacted] to [redacted] by the wonderfully [redacted] Mrs [redacted] Clinkscales. As [redacted] result, [redacted] almost lost the greatest [redacted] jazz composer [redacted] century.

Fortunately, Ellington's [redacted] was revived [redacted] pool bars around his home town of Washington, DC; and during [redacted] summer job at the Poodle Dog Cafe [redacted] was soon filling in when the pianist arrived too inebriated to play. Ellington's "Soda Fountain Rag", composed in [redacted] 14 from bits [redacted] songs he knew and set to the rhythms of the soda pullers, was the start of a long and prolific career.

Known as Duke for his aristocratic bearing, Edward Kennedy Ellington turned out more than 1,500 compositions including popular songs, instrumentals, theatrical works, film [redacted] and sacred pieces, [redacted] written while criss-crossing the US on tours. His [redacted] include such much-recorded numbers [redacted] "Sophisticated Lady", "Satin Doll" and "It Don't Mean [redacted] Thing (If It Ain't [redacted] That Swing)", although perhaps his most enduringly [redacted] single recording was "Creole Love Call", made in [redacted] with singer [redacted] Hall who [redacted] in London only [redacted] year aged [redacted]

Ellington began his career at a time when sound recordings were in their infancy and jazz was denounced in the press as "ruining young girls". But he broke new ground constantly and his [redacted] become the [redacted] jazz artist [redacted] inspire the kind of serious study usually reserved for [redacted]sical [redacted] He is the subject [redacted] new [redacted] at Harvard University, [redacted] new [redacted] a major exhibition, Beyond Category: The Musical Genius [redacted] Ellington, in the Museum [redacted] City [redacted] York**, on [redacted] fringe of Harlem, which will [redacted] US cities until 1996.

[redacted] is based [redacted] 200,000 pages of documents and scores as well as photos, con[redacted] programmes [redacted] by Ellington's son, Mercer, [redacted] acquired by the Smithsonian Institute in [redacted]

[redacted] are interactive [redacted] monitors where, by touching players on screen, you can call up individual [redacted] members like Johnny Hodges, "Tricky" Sam Nanton [redacted] Cootie Williams, [redacted] careers, listen [redacted] their solos, and see how [redacted] contributed to [redacted] Ellington sound.

Accompanied by Ellington's music, you can [redacted] the small [redacted] organ [redacted] he composed while on the road; [redacted] by [redacted] Nixon; [redacted] cross he always wore; programmes from the Cotton Club [redacted] Carnegie Hall; and his [redacted] record sleeves.

Murals [redacted] life-size cut-out figures evoke [redacted] from his life – from his youth in Washington, DC, as [redacted] pampered only [redacted] a butler, to leading The Serenaders in dance halls while painting signs by day.

Just as [redacted] the "Soda Fountain Rag", Ellington always fashioned [redacted] out of [redacted] he heard and [redacted], whether [redacted] was dancing at the Cotton Club or simply people walking in the street.

But [redacted] Ellington [redacted] really began [redacted] shape in New York in 1923 with [redacted] arrival of trumpeter Bubber Miley, [redacted] use of mutes created a growling [redacted] transformed the band's sweet, melodic dance music style [redacted] crit[redacted] dubbed "jungle jazz".

In [redacted] his natty [redacted] natural charm, Ellington found it difficult to break into the hotly competitive Manhat[redacted] club scene. [redacted] big [redacted] in [redacted] when he was hired [redacted] Harlem's Cotton Club. Through its nightly radio broadcasts, the Ellington orchestra soon became famous nationwide.

Although a talented pianist, the [redacted] was his real instrument and he attracted many great musicians – even be-bop trumpeter Dizzy Gillespie [redacted] short time. Many of [redacted] compositions [redacted] written specifically to highlight the strengths [redacted] his players.

The [redacted] was noted for [redacted] fresh, improvised sound, yet [redacted] result of [redacted] work. Typically, Ellington would have [redacted] the musicians would try out and suggest changes. Then, he would go away and re-work it.

By the 1940s, Ellington's influence [redacted] everywhere. Yet, [redacted] music was loved by white society, colour prejudice [redacted] that [redacted] and his players could [redacted] in many US [redacted] – [redacted] problem they solved by renting a railway carriage for their [redacted] tours. The late [redacted] 1950s [redacted] difficult times [redacted] Ellington kept [redacted] despite [redacted] decline of big bands, [redacted] closure of dance halls [redacted] advent of television. By 1955, though, the orchestra was reduced [redacted] accompanying ice-skaters [redacted] Flushing Meadow.

Just as [redacted] music world was writing him off, he made [redacted] stunning comeback at the Newport jazz [redacted] in [redacted] where [redacted] "Diminuendo and Crescendo in Blue", written 20 [redacted] earlier, had the audience stomping in [redacted] aisles. [redacted] *at Newport* [redacted] best-selling album, he [redacted] the cover of Time magazine and clinched a [redacted] with Columbia Records.

The [redacted] glorious years, culminating in [redacted] with a celebration [redacted] his 70th birthday at [redacted] Nixon [redacted] House. In 1974, Ellington succumbed [redacted] lung [redacted] – but he [redacted]posed until [redacted] end from his hospital bed.

Once asked where his ideas [redacted] from, he said: "Oh man. I got a million dreams. That's all I do is dream all the time." He could, however, never have dreamt that [redacted] would, [redacted] day, [redacted] rated worthy of academic study [redacted] a top university and [redacted] national exhibition.

**Beyond Category: The Life [redacted] Genius of Duke Ellington, by John [redacted] (Simon [redacted] Schuster); The Duke Ellington Reader, by Mark Tucker (Oxford).*

***The Museum of [redacted] City of New York [redacted] on Fifth Avenue at 103rd Street.*

Architecture/Colin Amery

BBC builds on public's interest

What do opera and architecture have in common? They have both been [redacted] as elitist and [redacted] and [redacted] face [redacted] battle [redacted] gain public appreciation.

Opera seems [redacted] be winning. [redacted] now [redacted] popular interest in opera throughout [redacted] UK, [redacted] is increasingly well-served by [redacted] improved theatres. The inter[redacted] also spawned [redacted]zines, tapes [redacted] and [redacted] television coverage.

Much the [redacted] thing is happening [redacted] architecture. There [redacted] enormous public [redacted] in old and new buildings and landscapes, town planning, transport and environmental concerns. [redacted] starting [redacted] do-it-yourself [redacted] home improvements, but it soon runs [redacted] wanting to understand Baroque or gain a glimpse of Gaudi.

At last, television has caught up with the public's appetite and last week [redacted] two vastly [redacted] but significant programmes. The [redacted] series of *Building Sights* [redacted] in the US. This promises [redacted] a very enjoyable series and [redacted] important [redacted] because it demonstrates a literate, amusing and enticing approach to won[redacted] buildings.

But worst things first. Last Tuesday's *Late* [redacted] BBC2 was a classic demonstration of how [redacted] interest your audi[redacted] in architecture. It [redacted] significant programme because it must, surely, mark the end of the media whinge about the [redacted] of architecture and the pathetic nature of the profession's gloom.

The programme [redacted] presented by [redacted] Pawley, whose view that it is all [redacted] architects and [redacted] the [redacted] in quality [redacted] largely [redacted] of politicians and [redacted] public, [redacted] deeply [redacted] contin[redacted] crusade against [redacted] criticisms of [redacted] public and [redacted] Prince of Wales, and [redacted] close [redacted] architecture debate for ever.

The recession was scarcely mentioned [redacted] a cause of the collapse in [redacted] building industry and [redacted] temporary falling [redacted] of building projects. Many professions have [redacted] marginalised since the Thatcher years and have [redacted] question their [redacted] for existence. Archi[redacted] suffering unemployment but they also [redacted] being trained [redacted] think they are gods before learning through experience that they [redacted] merely mortal links in the construction chain. These argu[redacted] misrepresented by [redacted] one-sided [redacted]

Many [redacted] the [redacted] ancient architects in the programme struggled [redacted] justify their terri[redacted] of the [redacted] and [redacted] Will they [redacted] give up? The contempt they seem [redacted] for [redacted] public [redacted] shivers up and down my spine. The BBC must surely learn from [redacted] dreadful [redacted] there is another way to [redacted] interest, [redacted] enjoyment in architecture.

The good news is [redacted] someone in [redacted] BBC [redacted] seen [redacted] light, and it must be three cheers for the director of *Building Sights*, Sandra Goldbacher, and the executive producer Clare Paterson. They had the good idea of asking eight US architectural enthusiasts [redacted] look [redacted] their favourite 20th-century American building and [redacted] the viewers why they liked them. The formula is [redacted] simple [redacted] In the British series the atmosphere [redacted] usually stilted and cool: this series [redacted] more professional and [redacted] fun.

The first [redacted] was [redacted] that old rascal of American architecture, Philip Johnson, telling [redacted] why he loved [redacted] Central Station in New York. Johnson is over [redacted] but he was a spry, funny and sharp [redacted]mentator [redacted] the passing show in the "most beautiful room in New York". Seeing [redacted] station (built in [redacted] by Warren and Wetmore) [redacted] the belly button of New York, Johnson praised, [redacted] just the non-stop urban ballet but also the profligate sumptuousness of the station. He saw the whole place in operatic terms – and wonderful music accompanied his views. You could imagine the Lady of the Camellias coming down that [redacted] double stair[redacted]. The glory of the station does "give a vicarious graciousness to the ordinary man". Grand Central is "oys[redacted] for everyone".

Philip Johnson compared the sumptuousness and mad generosity of the station [redacted] today's thin and poverty-stricken architecture [redacted] thought that we lacked enough "papal tyrants, [redacted] monarchs and dictators" [redacted] see this [redacted] of grand architecture again. For Johnson it [redacted] enough [redacted] built the magnifi[redacted] Moscow Metro.

It was a fine idea to let actress Diane Keaton show [redacted] the Ennis Brown House by Frank Lloyd Wright in the Hollywood Hills (to be shown on Wednesday January 19, BBC 2), and Jeff Koons, the kitsch artist, to show us the Hancock Tower in Chicago (Jan 26). Keaton [redacted] the concrete Mayan style Hollywood house as [redacted] long sexual tease. It filled her with, "prolonged, unceasing, desire". Frank Lloyd Wright you should be living at this hour.

All I need tell you about Jeff Koons and the Hancock Tower [redacted] that, in his view, "Mozart would have had a condo [redacted] 93rd". There [redacted] eight of these [redacted] BBC2 this winter – they have broken the mould of architectural programmes [redacted] television. They have done architecture a great service and they illuminate with humour. Watch them; they are also blissfully short.

[redacted] Cable

Kitsch artist Jeff [redacted] reviews Chicago's John [redacted]

INTERNATIONAL ARTS GUIDE

■ BERLIN

OPERA/DANCE

Staatsoper unter den Linden The main [redacted] this [redacted] the [redacted] night on [redacted] of a new production of Gluck's [redacted] by Achim Freyer [redacted] conducted by Thomas Hengelbrock, with Anna Caterina Antonacci in [redacted] title role (200 4762/2035 4494)

Deutsche Oper Gwyneth Jones heads the cast in Turandot on Wed and Fri, and also sings Ortrud in Lohengrin on Sun. Repertory includes Der fliegende Holläder, Rigoletto and a Stravinsky ballet production with choreographies by Balanchine and Béart. There are two performances next week of Le nozze Figaro with Margaret Marshall and [redacted] McLaughlin, and Aribert Reimann's Kafka opera Das Schloss is revived on Feb [redacted] (341 0249)

Komische Oper A new production of Puccini's Trittico, staged by Christine Mielitz and conducted by Mario Venzago, has just joined the repertory. This week's performances also include Kupfer productions [redacted] Les [redacted] d'Hoffmann, Die [redacted] and Rimsky-Korsakov's Tsar [redacted] (229 [redacted]

CONCERTS

Philharmonie Tonight: Emmanuel [redacted] Symphonie-Orchester Berlin in [redacted] by Glinka, Rakhmaninov [redacted] Saint-Saens, with piano [redacted] Olli Mustonen. [redacted] Thurs, Fri: [redacted] Muti [redacted] Berlin Philharmonic [redacted] in Fauré, Debussy [redacted] Schumann. Jan 25, 26, 27: Bernard Haitink [redacted] Berlin Philharmonic [redacted] 8132)

Schauspielhaus Tomorrow: Paul Hillier [redacted] The [redacted] in music by Hildegard von Bingen, [redacted] Pärt, [redacted] others. Thurs: Enoch zu Guttenberg [redacted] MDR Chamber [redacted] in Mozart's arrangement of Handel's [redacted] Sun: Frank [redacted] Zimmermann violin recital. Next Mon: [redacted] Academy [redacted] St Martin in the Fields (2090 2156)

THEATRE

[redacted] production [redacted] Euripides' Cyclops, directed by Friedo Solter, opens at [redacted] Theater on [redacted] (2844 1225). [redacted] Vienna Burgtheater production of The Merchant [redacted] be seen at Berliner Ensemble [redacted] 3160). [redacted] Gorki Theater's repertory includes Pirandello's The Mountain [redacted] Athol Fugard's Master Harold and [redacted] Boys (208 2783). [redacted] Hedda Gabler can [redacted] at Schaubühne, in [redacted] new production directed by [redacted] Breth (890023)

■ Tickets and information [redacted] theatre, revues, [redacted] and nightclub [redacted] from City Center [redacted] und Konzertkasse, Kurfürstendamm 16 [redacted] 882 6563 [redacted] Theaterkasse im Europa-Center [redacted] 261 [redacted] 261 [redacted]

■ NEW YORK

THEATRE

■ Angels in America: Tony Kushner's epic two-part drama - about religion, [redacted] and corrupt politics - conjures a [redacted] America [redacted] edge [redacted] Part [redacted] Millenium Approaches, part two Perestroika, played on separate evenings (Walter Kerr, 219 [redacted] St, 239 6200)

■ Four Dogs and a Bone: John [redacted] Shanley's satirical comedy about movie-making and power plays in Hollywood was a big hit off-Broadway [redacted] autumn (Lucille Lortel, 121 Christopher St, 239 6200)

■ Later Life: A.R. Gurney's witty, perceptive play about a man and woman who meet [redacted] 30-year separation (Westside, 407 [redacted] St, 307 4100)

■ The [redacted] Rosensweig: Wendy Wasserstein's play, [redacted] comedy [redacted] undertones, [redacted] reunion in London of three American Jewish [redacted] (Ethel Barrymore, 243 [redacted] 47th [redacted]

■ Heartbreak House: [redacted] drama, [redacted] in England on the [redacted] the first world [redacted] about people [redacted] saturated in pleasure that they [redacted] purpose. [redacted] by Richard Corley (Bouwerie Lane, 330 Bowery at Bond/Second [redacted] 677 [redacted]

■ She [redacted] Me: the [redacted] Bock, Harnick [redacted] is a delicate, unabashedly simple story with all [redacted] humanity, integrity and charm that Broadway's mega-musicals lack (Brooks Atkinson, 256 [redacted] 47th St, [redacted] 4100)

● [redacted] of the Spider Woman: [redacted] and Ebb musical with a [redacted] performance by Chita [redacted] in the title role (Broadhurst, 235 [redacted] 44th St, 239 6200)

● Blood Brothers: Willy Russell's musical [redacted] twins who, separated [redacted] birth, eventually [redacted] fall in [redacted] with [redacted] girl. Featured in the [redacted] David Cassidy and Petula Clark (Music Box, 239 [redacted] 45th St, 239 [redacted]

OPERA/DANCE

Metropolitan Opera Tonight's performance [redacted] the [redacted] this season of Aida, with a cast including Sharon Sweet, [redacted] Toczyska and [redacted] Sylvester (in repertory till Feb 17). Hildegard Behrens and Brigitte [redacted] head the [redacted] in Elektra tomorrow, [redacted] matinee and [redacted] Thurs. [redacted] sings the [redacted] in Lucia di Lammermoor on Wed and [redacted] (in repertory till [redacted] 10). The final performance this [redacted] of I Lombardi with Pavarotti is on Thurs. Le [redacted] di Figaro [redacted] revived next Mon, and a new production of Britten's Death in Venice opens [redacted] 7 (362 6000)

[redacted] **Theater** New York City Ballet's winter season runs daily except Mon till [redacted] 27, with matinee and evening performances on [redacted] Sun (870 5570)

CONCERTS

Avery [redacted] **Hall** Thurs, Fri, Sat, [redacted] Tues: Neeme Järvi conducts New York Philharmonic Orchestra in works by Langgaard, Bruch and Sibelius, with violin [redacted] Nadja Salerno-Sonnenberg. [redacted] afternoon: I Musici play baroque concertos (875 [redacted]

Carnegie Hall Tomorrow: [redacted] Lupu piano [redacted]. Thurs: Kronos Quartet gives [redacted] York premieres of works by Gubaidulina [redacted] Gorecki. Fri: Richard Stoltzman plays [redacted] Clarinet Concerto with [redacted] Haven Symphony Orchestra. [redacted] afternoon: Robert Shaw conducts Britten's [redacted] Requiem. Feb 1, 3: [redacted] Philharmonic [redacted] (247 7800)

■ PARIS

OPERA/DANCE

Opéra Bastille The [redacted] stage premiere of B.A. Zimmermann's Die [redacted] place on [redacted] with [redacted] by Franz Mazura, [redacted] and Helga Dernesch, in Harry Kupfer's 1987 Stuttgart production conducted by Bernhard Kontarsky (repeated Jan 24, 27, 29, 31, Feb 2). [redacted] new production of Salome opens on [redacted] 5, starring Karen Huffstodt and Leonie Rysanek (4473 1300)

[redacted] **Garnier** [redacted] l'Opéra [redacted] presents John Neumeier's 1974 production [redacted] Nutcracker on [redacted] Thurs and Fri [redacted] week, [redacted] from Tues to Fri next [redacted] Feb [redacted] Nijinski triple bill (4742 5371)

Châtelet Ballet Cristina Hoyos [redacted] in residence till Sun with a new flamenco work (4028 2840)

CONCERTS

Théâtre [redacted] **Champs-Elysées** Tonight: Michel Dalberto piano recital. Tomorrow: Philippe Herreweghe conducts Chapelle Royale [redacted] Collegium Vocale in Handel's 1740 oratorio L'Allegro, il Penseroso [redacted] Vladimir Spivakov directs Moscow Virtuosi in [redacted] by Bach, Shostakovich, Schnittke and [redacted] Thurs and Sat: Barbara Hendricks. Fri: Jordi [redacted] conducts Arriaga [redacted] Beethoven. Sun morning: Paul Badura-Skoda piano recital. Jan 31: Yevgeny [redacted] (4952 5050)

[redacted] Sun morning: Talich Quartet. [redacted] Mon: Boulez conducts Boulez (4028 2840)

[redacted] **Pleyel** Wed, Thurs: Djansug Kakhidze [redacted] Orchestre [redacted] Paris in works by Liszt [redacted] Strauss, with piano soloist Hélène Grimaud (4561 [redacted]

JAZZ/CABARET

[redacted] Orleans jazz singer Phillip Manuel is in residence this week at Lionel Hampton Jazz [redacted] (Hotel Meridien [redacted] Etoile, 81 Boulevard Gouvion St Cyr, tel [redacted]

THEATRE

■ The Rise and Fall of Arturo Ui, Brecht's [redacted] allegory, [redacted] directed by Jérôme Savary [redacted] Théâtre National de Chaillot, with Guy Bedos in the title role. Daily except [redacted] till Feb 26 (4505 1450)

■ Ibsen's The Wild Duck [redacted] joined the repertory [redacted] the Comédie Française, directed by Alain Françon (4015 0015)

■ Maxim Gorki's pre-revolutionary drama Children [redacted] the Sun (1905) [redacted] directed by Lluis Pasqual [redacted] Odeon-Theâtre de l'Europe. Daily except Mon till Feb 27 (4441 [redacted]

■ [redacted] 24-hour recorded telephone guide to Paris entertainments is [redacted] in English by dialling [redacted]

European Cable and Satellite Business TV

[redacted] times [redacted] Central European Time)

[redacted] THURSDAY

Super Channel: European Business Today 0730; 2230

[redacted] **Super Channel:** [redacted] of Moscow 1230.

Super Channel: Financial Times Reports 0630

Wednesday Super Channel: Financial Times Reports 2130

Thursday Sky News: Financial Times Reports 2030; 0130

Friday Super [redacted] European Business Today 0730; 2230

[redacted] Financial Times Reports 0530

Saturday Super Channel: Financial Times Reports 0930

Sky News: West of Moscow 1130; [redacted]

Sunday Super [redacted] Moscow [redacted]

Super [redacted] Financial Times Reports 1900

Sky [redacted] West of [redacted] 0230; [redacted]

[redacted] Financial Times Reports [redacted]

Arts Guide

Monday: Berlin, New York and Paris.
Tuesday: Austria, Belgium, Netherlands, Switzerland, Chicago, Washington.
Wednesday: France, Germany, Scandanavia.
Thursday: Italy, Spain, Athens, London, Prague.
Friday: Exhibitions Guide.

Meistersinger school is now outdated

MICHAEL PROWSE on AMERICA

I confess that I was [redacted] a card-carrying member of the *Meistersinger* school [redacted] training. I used to admire [redacted] strict German apprenticeship system which [redacted] in the medieval guild society depicted in Wagner's famous opera. Like much [redacted] the UK economics establishment, I fervently believed that a *laisser faire approach to vocational* training [redacted] for many of British industry's failings.

Modern mastersingers [redacted] not claim that apprenticeships [redacted] needed in every sector. But they do believe strongly in a formal system of vocational qualifications, with minimum periods of study and strict examinations. They [redacted] vinced [redacted] training cannot [redacted] left [redacted] the [redacted] market. [redacted] collective mechanism – [redacted] the government [redacted] quasi public [redacted] such as chambers of commerce – [redacted] deemed essential if workers [redacted] not [redacted] be shortchanged.

Interventionists will [redacted] forted [redacted] learn that top Clinton administration officials such [redacted] Mr Robert Reich, the labour secretary, [redacted] greatly impressed by continental European training methods. Time [redacted] money permitting they will expand the role of the federal government.

Yet I have [redacted] enthusiasm for public intervention [redacted] training [redacted] waning. [redacted] country could flout [redacted] mastersinger rules more defiantly than America. [redacted] system is unquestionably biased towards academic [redacted]. There [redacted] no national system of vocational standards such [redacted] Britain [redacted] struggling [redacted] create. Companies are left largely [redacted] their [redacted] devices. A ragbag of ineffectual public-[redacted] *training schemes* [redacted] mainly at [redacted] vantaged.

The US thus ought to be in a terrible [redacted]. If [redacted] singer school's arguments [redacted] sound, [redacted] would [redacted] illed by shoddy workmanship and poor service. Yet neither anecdotal evidence [redacted] economic statistics bear out [redacted] worries.

The service in US restaurants, hotels and department [redacted] is generally attentive and friendly [redacted] if employees lack formal vocational qualifi[redacted]. Plumbing and central heating systems are not constantly breaking down. There [redacted] little [redacted] of blue-collar incompetence.

The macroeconomic figures are even more impressive. Contrary to some claims, Germany [redacted] Japan remain less efficient than the US. Throughout this century, the [redacted] enjoyed much higher [redacted] of manufacturing productivity than any of its rivals. [redacted] studies – including those by the Organisation for Economic Co-operation and Development – indi[redacted] that it [redacted] extended its productivity [redacted] in the past decade. Its share of world export markets [redacted] rising [redacted] it is doing particularly well in [redacted] such [redacted] capital [redacted] that require [redacted] of technical expertise.

The mastersingers [redacted] find the US's success baffling. According [redacted] their theories, private-sector training efforts [redacted] be blighted by [redacted] failure". In [redacted] markets, companies will always spend [redacted] little on training [redacted] they [redacted] not own their [redacted] prevent poaching by free-riding [redacted] petitors. Companies that save money by [redacted] training, it [redacted] said, [redacted] to [redacted] the slightly higher [redacted] to [redacted] *away workers from* [redacted] do. At root, [redacted] the argument [redacted] justify [redacted] host of interventions, from publicly financed training schemes [redacted] mandatory training levies.

[redacted] would be foolish to deny [redacted] fear of poaching does not sometimes deter useful training. [redacted] the market fail[redacted] surely far less [redacted] than usually claimed. Provided [redacted] are competitive, com[redacted] can make profits only if they [redacted] all their resources efficiently. In most cases, labour is the single most important resource. [redacted] the efficient use of labour [redacted] not involve training? Are [redacted] believe [redacted] fear of poaching is more potent than [redacted] of bankruptcy which [redacted] the only long-term prospect [redacted] train [redacted] workers adequately?

And consider matters from an employee's point of view. *Suppose I work for a* [redacted] that [redacted] heavily in training. Am I going to be lured by the prospect of [redacted] in [redacted] short run from a fly-by-night operator that [redacted] training? What kind [redacted] long-run prospect would I have at [redacted] that [redacted] nothing [redacted] improve [redacted] of [redacted]

[redacted] in [redacted] sector some companies will [redacted] provide [redacted] training. But this [redacted] tantamount [redacted] saying that [redacted] companies will always be poorly managed: some companies will [redacted] to [redacted] any of their [redacted] efficiently. [redacted] than becoming [redacted] training *per* [redacted] the challenge [redacted] policy [redacted] surely [redacted] sharpen corporate performance generally. [redacted] lesson [redacted] lowering [redacted] competition [redacted] usually by far [redacted] potent spur.

Consider [redacted] industry. [redacted] mastersingers believe [redacted] training levies or [redacted] to upgrade worker [redacted] could have raised [redacted] productivity of US car makers significantly [redacted]. Surely [redacted] obvious to everybody [redacted] nothing could have [redacted] a [redacted] beneficial impact on Detroit [redacted] from Japan.

In [redacted] Wagnerian guild [redacted] omy, authoritarian training systems [redacted] essential. Everybody [redacted] to know their place [redacted] right paper credentials. The [redacted] or [redacted] collective employer body must supervise training. [redacted] in [redacted] market economy, [redacted] level of training [redacted] determined automatically by the changing pattern of [redacted] demands.

If you find this conclusion unacceptably Panglossian, then please explain the US's industrial record. The country that leaves training almost entirely [redacted] the market has the highest level of productivity. End of argument.

Wrapped in a mutual embrace

John Barham and Angus Foster look at progress towards economic integration in Latin America

When the presidents of Brazil and Argentina meet in [redacted] tiny Uruguayan colonial [redacted] today, long-running arguments [redacted] likely [redacted] Brazil [redacted] Argentina [redacted] loggerheads over Argentine complaints that it is a dumping ground [redacted] cheap Brazilian [redacted] products.

[redacted] presidents might pause [redacted] contemplate [redacted] much has already been achieved in integrating [redacted] economies in [redacted] America's largest free-trade area. After decades of virtually ignoring each other as export markets, largely [redacted] of [redacted] a preference for selling to Europe [redacted] America, [redacted] are discovering their mutual attractions.

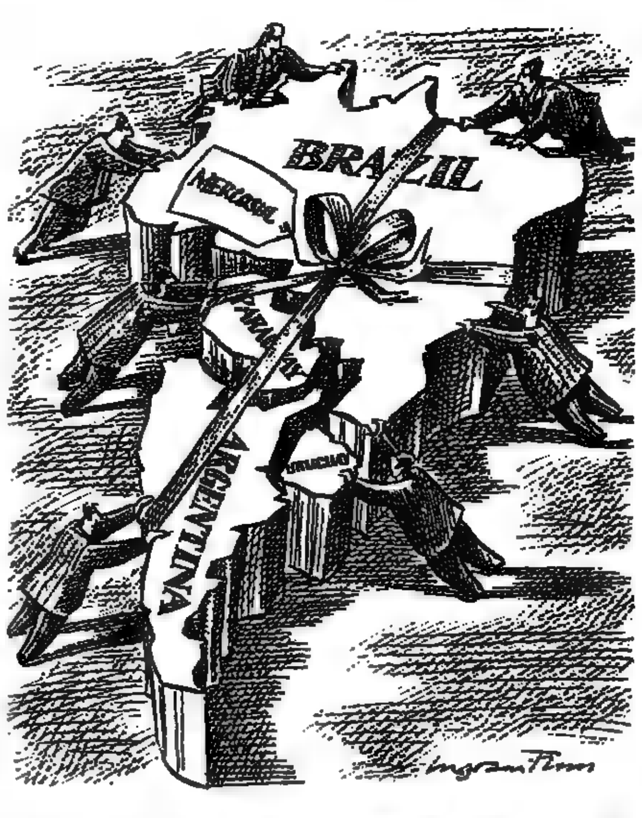
The free trade initative, known [redacted] Mercosur [redacted] Spanish-speaking neighbours, was signed in [redacted] Brazil, Argentina, Uruguay [redacted] Paraguay. It [redacted] for [redacted] free movement of capital, goods [redacted] services between [redacted] four countries, and for the establishment of [redacted] common tariff system for [redacted] non-Mercosul [redacted] by [redacted] end of this year. Tariffs [redacted] goods ranging [redacted] Roquefort cheese [redacted] doors have already been cut by up to 80 [redacted] cent.

But trying [redacted] years what [redacted] European Union nearly [redacted] has led [redacted] problems.

[redacted] Argentina, [redacted] account for [redacted] of Mercosul's GDP, [redacted] arguing [redacted] of [redacted] about [redacted] industries [redacted] enjoy special protection. They [redacted] now expected [redacted] a [redacted] of goods, [redacted] example [redacted] telecommunications, which would retain local rather than common external [redacted] until the end of [redacted] century. This [redacted] protect sensitive sectors from [redacted] foreign competition.

Because of such exclusions, [redacted] original intention of totally [redacted] unlikely [redacted] by [redacted] will probably have [redacted] wait until later [redacted] decade [redacted] perhaps [redacted] next century.

[redacted] businesspeople in [redacted] and Argentina say they are realising the advantages of closer economic ties, despite [redacted] diplomatic disputes. [redacted] is growing rapidly and looks set to continue [redacted] accelerate even if the [redacted] ment [redacted] not [redacted] line.



[redacted] two countries increased 63 per [redacted] $4.93bn (£3.33bn) in 1992, helped by falling [redacted] quarter of [redacted] year, [redacted] latest figures available, [redacted] the two grew [redacted] per cent to $1.34bn over the [redacted] period [redacted] 1992. The growth, [redacted] a low base, has mainly come [redacted] exports of [redacted] products ranging from cars to chemicals and Argentine exports of agricultural goods [redacted] oil, reflecting [redacted] two economies' relative strengths.

Foreign [redacted] domestic compa[redacted] are starting [redacted] look [redacted] Brazil [redacted] Argentina as [redacted] single market. Autolatina, [redacted] holding company for Volkswagen and Ford's combined operations in the two countries [redacted] an annual turnover of about $8bn, last year [redacted] pleted a three-year [redacted] to [redacted] all products and parts for [redacted] markets, which were previously treated [redacted] rately. A new factory in Córdoba, Argentina, [redacted] supplying about 90 per cent of the transmissions [redacted] in the [redacted] pany's Brazilian-built [redacted] cars.

"These [redacted] of product decisions show [redacted] confidence [redacted]. You don't [redacted] pro[redacted] unless you [redacted] confident," says [redacted] Pierre-Alain [redacted] Smedt, president of Auto[redacted].

[redacted] companies [redacted] making similar [redacted]. Sadia, one of Brazil's largest food companies, recently set [redacted] a joint [redacted] Buenos Aires with [redacted] Argentine company to oversee [redacted] of its products.

Carlos Eduardo Sant'Anna, [redacted] Sadia director responsible for the joint venture, says: "Argentina is not just another foreign market, but *the* foreign market for us. We see a belt [redacted] goes [redacted] Rio de Janeiro, [redacted] Paulo, southern Brazil and [redacted] Aires to Santiago [the [redacted] capital]. Here you have 65 per [redacted] of [redacted] America's GDP."

Growth [redacted] has been rapid partly because Argentina [redacted] Brazil are complementary economies. Argentina [redacted] rich in energy. Brazil is not. Argen[redacted] year became Brazil's second-largest oil supplier [redacted] Arabia. [redacted] of Brazil's electricity [redacted] produced by hydroelectric dams, whereas Argentina [redacted] a large [redacted] system.

Moreover, Argentina [redacted] big grain surpluses, [redacted] Brazil [redacted] a [redacted] importer. Argentina's industry [redacted] obsolete. If [redacted] is to grow, it needs the economies of [redacted] bigger Brazilian market [redacted] provide. [redacted] industry is [redacted] competitive than Argentina's and is attracted by the prospects of adding 33m Argentine consumers [redacted] the 150m in Brazil.

Cross-border links [redacted] not just [redacted] corporate phenomenon. For example, tourism [redacted] developing [redacted] about 700,000 Argentine tourists [redacted] expected [redacted] take their holidays in Brazil this summer.

Argentines travelling [redacted] Brazil [redacted] brought [redacted] of [redacted] neighbour's consumption habits, such as a passion for ice-cold beer. Brahma, [redacted] biggest [redacted] company, [redacted] year began trucking [redacted] 1,000 miles from one [redacted] breweries in southern Brazil [redacted] Aires, aiming for [redacted] 3-4 per cent share of [redacted] Argentine market [redacted] next two years. Now it is planning [redacted] brewery near [redacted] Aires.

Such [redacted] are fuelling [redacted] as well as growth. [redacted] Argentine industries, especially textiles, [redacted] steel, have complained of [redacted] of cheaper Brazilian imports [redacted] tariffs have [redacted] down. In [redacted] Argentina started in [redacted] imposing [redacted] number of protectionist [redacted], such [redacted] anti-dumping [redacted] against Brazilian farm machinery and spark plugs.

There are concerns in Brazil, too. In the southern Brazilian state [redacted] Rio Grande do Sul, which borders Argentina and Uruguay, farmers are worried that they will [redacted] have to compete with products from [redacted] the frontiers, where land [redacted] cheaper and the soil more fertile.

"Rio Grande do Sul is per[redacted] the [redacted] most threatened by Mercosul, especially our products like jams, vegetables and wines, and these employ a lot [redacted] people," according to Mr Dagoberto Lima Godoy, presi[redacted] of the state's federation of industries.

Companies on [redacted] sides say [redacted] are limits to how far integration [redacted] go. Cultural differences are one reason. Brazilians prefer two-door cars while Argentines prefer four-door models; and emission standards are higher in Brazil.

Economic differences have also led to problems. Argentina [redacted] growing economy, with inflation running at an annual [redacted] 7.4 per cent last year, but an overvalued [redacted]. Brazil [redacted] plagued by annual inflation of [redacted] cent and [redacted] undervalued currency. This [redacted] led to Argentine [redacted] that Brazil [redacted] dumping products, an accusation hotly denied by the Brazilians.

T[redacted] in services is still underdeveloped and [redacted] restrictive [redacted] ernment [redacted] which hinder foreign [redacted] markets. A body [redacted] disputes, perhaps [redacted] European Court, has been delayed because it [redacted] of diminished sovereignty.

A very poor communications infrastructure [redacted] constraint. There are no rail connections because each country has a different gauge. Goods therefore have to be moved via often poor road networks, especially [redacted] Argentine [redacted], and bureaucratic customs procedures. Lorry drivers usually have to wait [redacted] the border for [redacted] day for paperwork to be pro[redacted]. [redacted] different rules on truck sizes, haulage companies have to swap trucks at the border.

As with [redacted] ment, progress towards [redacted] ling these constraints is [redacted]. Nevertheless, [redacted] Mr [redacted] of Autolatina [redacted] optimistic [redacted] will [redacted] long term and free [redacted] will blossom. "There is [redacted] positive trend. [redacted] feel there is a willingness at government [redacted] make it happen. The timing is not certain but [redacted] hope they [redacted] it by [redacted] deadline," he says.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 [redacted] 5938. Letters transmitted should be clearly typed and not [redacted] written. [redacted] fax [redacted] finest [redacted]

Fairness each side of boundary

From Councillor Richard Arthur.

Sir, After the remarkable revelations about the City of [redacted] decisions, your readers [redacted] well ask where [redacted] gets its money [redacted] in the first place.

As a neighbouring borough, with similar population but [redacted] higher levels [redacted] deprivation, Camden gets £21m less per year from government grants.

Despite this, [redacted] have no problem in comparing key [redacted] vices nose to [redacted]. Camden's [redacted] results are better [redacted] Westminster's [redacted] the [redacted] *no longer* [redacted] bed [redacted] accommodation for homeless families, while Westminster is still spending some [redacted] annum on this very unsatisfactory [redacted] of accommodation.

Surely the Westminster story [redacted] the [redacted] for [redacted] redistribution of government [redacted] political favouritism? Only then can the average citizen know [redacted] he [redacted] she [redacted] being dealt with fairly, as compared with someone the other side of a borough boundary.

Richard Arthur,
leader of the council,
The Town Hall,
Euston Road,
London NW1 2RU

Out of step

From Mr Greville Warwick.

Sir, With particular reference to [redacted] letter from Harold [redacted] (January 8/9), [redacted] be that [redacted] travellers in European [redacted] experi[redacted] frontier crossing difficulties because, unlike [redacted] other EU states, Britain has no [redacted] personal identity card system?

In [redacted] absence of such sensible documents [redacted] citizen[redacted] or [redacted] readily known without [redacted] reference to our passports.

[redacted] is not the [redacted] at fault; [redacted] is [redacted] is behind the times, out [redacted] step [redacted] of order.

[redacted] Warwick,
[redacted]
Leycester House,
46 [redacted] Terrace,
Leamington [redacted] CV31 1BQ

Right route to self-regulation

From Dr George Greener,

Sir, In the light of your leader ("An [redacted] to foot-dragging", January 12) on the prospects for [redacted] Personal Investment Authority, we wish to declare our support for the formation of [redacted] properly consti[redacted] PIA.

We believe [redacted] is our duty to work within the [redacted] of government policy which [redacted] to [redacted] in favour [redacted] both de-regulation and self-regulation. [redacted] industry must continue [redacted] to take responsibility for [redacted] improve [redacted] conduct and demonstrate that [redacted] can make self-regulation work.

Since [redacted] inception, we [redacted] strong advocates of the PIA – ensuring [redacted] level playing [redacted] *which will unify* [redacted] industry, [redacted] win back the [redacted] and respect [redacted] sumers.

In [redacted] majority [redacted] cases the industry discharges [redacted] responsibilities to [redacted] both properly and professionally. The financial services industry plays [redacted] vitally impor[redacted] role in family and business life, and it is of great concern that it [redacted] not currently [redacted] in higher [redacted].

Agreement on and support [redacted] a properly constituted, single regulator will help to [redacted] this, while [redacted] the [redacted] time addressing [redacted] issues which need attention. [redacted] are [redacted] to [redacted] dislocations which [redacted] arising in the building of [redacted] partnership; [redacted] PIA [redacted] the support [redacted] all practitioners in order [redacted] effective.

[redacted] some [redacted] deep [redacted] being expressed *about aspects of PIA,* [redacted] involved in establishing [redacted] its [redacted]. [redacted] believe, however, [redacted] such problems are insurmountable. [redacted] believe that [redacted] "top-down" approach to the [redacted] of the PIA, with a supervisory board comprising [redacted] majority [redacted] genuinely [redacted] public interest members – chosen for their objectivity and experience, overseeing [redacted] executive committee drawn from practitioners – would produce [redacted] right solution.

The PIA remains achievable, but needs help to regulate effectively a fast-growing and complex industry. [redacted] forward [redacted] studying the PIA prospectus, which [redacted] understand will be available very soon, and which [redacted] hope will allay our [redacted].

George Greener,
chairman,
Allied Dunbar Assurance,
chairman,
[redacted] Star Holdings,
[redacted] House,
50 Victoria Street,
London SW1H 0NL

Use of foetus to treat infertility 'abhorrent'

From [redacted] Gething.

Sir, I [redacted] with disgust your leader, "Using [redacted] foetus to [redacted] infertility" (January 14).

The idea of using aborted babies [redacted] fulfil [redacted] of [redacted] couples [redacted] abhorrent. Is it [redacted] bad enough consciously to discard [redacted] baby without extracting *a* [redacted] organs to boot?

Then [redacted] the point of the child eventually needing to know who [redacted] parents [redacted]. There, [redacted] doubt, would [redacted] problems trying [redacted] explain how [redacted] parent was killed and the child was a product [redacted] ovaries removed [redacted] disposal [redacted] the foetus. The [redacted] chological impact would be devastating.

Surely [redacted] option [redacted] adoption would be preferable to the above. [redacted] least, for the child, there is something tangible [redacted] seek, [redacted] the occasion arise.

Apart from the parental [redacted] immoral [redacted] dissect an unborn child [redacted] satisfy the wishes [redacted]. This [redacted] something that should become [redacted] bearable in time.

We, as human beings, [redacted] on [redacted] earth and [redacted] with all the other species, [redacted] has [redacted] own method [redacted] population control. Why [redacted] we not accept whatever [redacted] are given [redacted] live [redacted] intended?

Denise Gething
12 Churchlands,
Bray,
County Wicklow,
[redacted]

Confusing trend in use of English language

From [redacted] Sylvia P [redacted]

Sir, [redacted] British publishers aiming [redacted] dispose [redacted] *their key* [redacted] *– the* [redacted] language? Or [redacted] the American market the only [redacted] of their attention, despite [redacted] increase in British [redacted] sales over the recent [redacted] period?

I received [redacted] which give [redacted] to such questions; one [redacted] the well-reviewed *Wild Swans* – Jung Chang's autobiographical view of the development [redacted] in China; [redacted] Paul Merton's satirical impression [redacted] the *History of the Twentieth Century.* [redacted] printed and published in [redacted] in [redacted] the [redacted] their introduction [redacted] specific mention [redacted] English words.

Therefore [redacted] pleased [redacted] American spellings in their books. [redacted] has a PhD in linguistics from [redacted] British university and [redacted] in London, and [redacted] English language must surely [redacted] tral [redacted] the work of [redacted] tially English humorist. [redacted] *Swans* contains examples such as "somber" and "maneuvring" throughout. [redacted] *Merton* book is not consistent in [redacted] choice, but [redacted] on [redacted] page [redacted] noun and its [redacted] verb both [redacted] "practise", [redacted] with the use of "offense".

Is it by accident or design that the American rather than the English version of [redacted] "spell-checker" [redacted] to [redacted] in use, when most word processing packages offer both? No wonder that so-called "typos" regularly [redacted] in [redacted] range of publications (although rarely in the FT).

[redacted] seeking [redacted] learn and [redacted] English language today, especially by reading, and [redacted] origins and [redacted], must [redacted] thoroughly confused.

[redacted] final question. Should [redacted] government really [redacted] seeking further to involve businesses in British [redacted] tion?

Sylvia P Webb,
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FINANCIAL TIMES

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Monday January 17 1994

Italy's debt to Mr Ciampi

Italy's political landscape is about to be redrawn. With President Oscar Scalfaro's dissolution of parliament ahead of new elections in March, the interim government of the technocrat prime minister, Mr Carlo Azeglio Ciampi, is near the end of its life. The next government will almost certainly be chosen from parties quite different from the ones that have dominated Italy since the second world war. The obvious question now is whether Mr Ciampi and his predecessor, Mr Giuliano Amato, have carried out the reforms needed if Italy is to enjoy a good chance of stability under the new regime. On balance, the answer is yes.

Two successive budgets have attacked the huge fiscal deficit and government debt, the highest among major OECD countries. In 1992, there was a primary budget surplus (before interest payments) for the first time in over 30 years. On a cyclically adjusted basis the overall budget deficit is set to shrink by 3 per cent of gross domestic product over the two years to 1993, much the biggest fiscal tightening in this period among major OECD countries.

Particularly impressive has been the willingness to tackle structural fiscal problems, rather than repeat the one-off measures often used in the past. Public employment, pensions, health care and local authority finances were all dealt with under special powers obtained in October 1992. The [illegible] budget, announced in September, aims to cut the fiscal deficit to 8.7 per cent of GDP, largely as a result of expenditure cuts, the tax burden on the country already being one of the highest in the OECD. The new medium-term economic programme presented in July 1993 aims to stabilise the public debt ratio by 1996 and reduce the budget deficit to 5.8 per cent of GDP in [illegible].

The civil service has been made more efficient, while a far-reaching privatisation programme, launched by the Amato government in 1992, represented an attack not only on the fiscal deficit but on the historic role of the state. Public banks, insurance companies, industrial firms and utilities are all to be sold off.

Labour market reforms have also been instigated in an attempt to attack high, rising and, in large measure, structural unemployment. Inflation remains low and is likely to fall, despite the devaluation. Elimination of wage indexation has greatly assisted the achievement of this objective.

Economic recovery depends in large part on the return of domestic confidence, itself dependent on the success of the reforms. For this reason, the switch to a new electoral system is an important step. The lack of domestic confidence has left exports, strongly stimulated by the 20 per cent effective devaluation of the lira since September 1992, to play a large part in sustaining economic activity.

Much remains to be done. The momentum of fiscal consolidation must be maintained, since the government deficit is estimated to be [illegible] per cent of GDP in [illegible] and public debt is 114 per cent and rising. It will also be important to ensure effective regulation of privatised utilities, prevent privatised companies from returning for fiscal hand-outs and improve tax collection. Coping with the consequences for employment of shrinking the public sector and privatising public-sector enterprises may be the most difficult challenge of all.

The governments of both Mr Ciampi and Mr Amato have pushed reform forward bravely. But the newly elected leaders of the republic must build on these achievements if they want their country to take the place Italians seek in the premier division of the European economic league.

Gaidar departs

"I cannot at one and the same time be in government and in opposition to it." So did Mr Yegor Gaidar, architect of Russia's reforms and leader of the largest reformist party, Russia's Choice, justify his refusal to serve as first deputy prime minister. His judgment was right. The question is where this leaves President Boris Yeltsin, Russian reform and the western governments that have tried to sustain them both.

In justifying his announcement, Mr Gaidar pointed to decisions to forge a monetary union with Belarus and spend $500m on a new parliamentary building. The second of these is outrageous, but the first is serious.

The ability of the central banks of other members of the rouble zone to expand Russia's money supply at will made monetary control impossible. In the last two months these credits had been turned off. Now, fear the reformers, the monetary spigot will be turned on once more.

Of the other economic reformers, Mr Anatoly Chubais may continue to run privatisation, though the benefits of that flagship policy will be gravely compromised by the willingness of the state to supply money it does not have. Mr Boris Fyodorov, the finance minister, has not yet decided whether he will serve. But his conditions include the departure of Mr Viktor Gerashchenko, the chairman of the central bank, something he is about as likely to obtain as Russia is to embark on coherent reform. Mr Grigory Yavlinsky, who may take Mr Gaidar's place, is a firm believer in an economic union among the successor states of the former Soviet Union. But he has radical hopes for de-monopolisation, which are virtually certain to be disappointed.

Except perhaps in the first few months of 1992, Russia has never enjoyed what people in the west would call a government. The government has been more like a parliament, while parliament tried to govern. This is the knot Mr Yeltsin hoped to cut by dissolving the old parliament. Unfortunately, his brave gamble failed. He now confronts a parliament that is more legitimate and more firmly opposed to reform than before. Ostensibly, he possesses greater powers himself, but it is doubtful whether he can use them.

Mr Gaidar's departure clarifies the challenge facing the president. Mr Yeltsin must decide whether he is cohabiting with his opponents or in charge of the government. He cannot be both. At present, the new government looks doomed to be one of the printing press and the half measure, of nationalistic assertion abroad and craven weakness at home. If so, Mr Gaidar is well out of it.

Games duopoly

Sonic the Hedgehog and *Super Mario Brothers* have captured the hearts and minds of children throughout the world. But, at a cost of anything up to £60 a time in the UK, video games are anything but cheap. Hence, last week's decision by Britain's Office of Fair Trading to refer the industry to the Monopolies and Mergers Commission.

There is a strong *prima facie* case that prices are artificially high because of insufficient competition. Sega and Nintendo, the two Japanese companies which dominate the £9bn-a-year global market, have a combined market share of over 90 per cent. They have used this duopoly power to earn fat profit margins.

The duopoly's dominance is not confined to hardware. It embraces software too, as anybody wishing to produce games to use in Sega's and Nintendo's machines must first reach a licensing arrangement with the companies.

A further concern in the UK has been that video games are roughly 30 per cent more expensive than in the US. This is partly because retailers' margins and indirect taxes are higher in Britain. But it is also possible that Sega and Nintendo are charging higher wholesale prices than in the US. Their use of different technical standards on either side of the Atlantic suggests that they may be segmenting the market in order to discriminate on prices.

But even if the Monopolies Commission finds that the duopoly operates against the public interest, it will face a tricky task deciding what to do. One option would be to impose price controls. But such heavy-handed action would prevent competition developing.

Another option would be to attack the licensing arrangements which enable Sega and Nintendo to extend their dominance in hardware to software. Such an approach would complement legal moves in the US and Britain by rival software producers which wish to sell their games direct to customers without paying royalties to the duopoly.

The snag here is that licensing arrangements are often global in scope, so action by the UK alone could have only limited impact. Many software suppliers might not wish to compete aggressively with Sega and Nintendo in Britain if they were still tied to them in other markets.

The final option is to do nothing and allow market forces and technological advances to undermine Sega's and Nintendo's dominance. That may seem a cop-out. But given that Sony and Matsushita, the Japanese consumer electronics giants, have been tempted into the market by its high margins, inaction may not be such a bad idea.

Former Spurs boss Terry Venables is a leading candidate to take over as England's football manager. **Martin Bashir** and **Mark Killick** raise disturbing concerns over his business dealings

Venables: the questions

Mr Terry Venables, the controversial former chief executive of Tottenham Hotspur, stands on the verge of the promised land.

According to the headlines, he is about to become the next manager of England, the most important job in British football. He is the choice of much of the football establishment, the media and of fans desperate for success after England's ignominious exit from the world cup last year. But the delay in making the appointment indicates unease at Lancaster Gate, the home of the Football Association: Mr Venables may be a tainted man.

Among other things, the FA has been considering allegations made four months ago by Panorama, the BBC current affairs programme. Panorama said that some of Mr Venables' business activities were "unlawful" and that he had "abused his position" at Tottenham Hotspur, one of Britain's top football clubs. While Mr Venables has threatened to sue Panorama, he has failed to deal with substantive charges made in the programme. Since the BBC investigation, there has been a number of additional charges made across the media.

The charges might not matter if the England manager were responsible only for picking the team. In fact, he assists in scheduling matches, appoints coaching staff and is involved in commercial activities such as sponsorship. He is also England's most important football ambassador. As a result, there is pressure to choose someone whose reputation is beyond reproach.

The task of reaching a judgment on Mr Venables has confused the football authorities. On the one hand, he is widely regarded as a first class, internationally-experienced coach. He is also available. On the other hand, there are the doubts about his business life. So far, Mr Venables has responded to the charges with general denials which leave questions unanswered.

Sir Bert Millichip, the FA chairman, was quoted at the weekend as referring to Mr Venables' "funny reputation". Also, the fact that Mr Venables still has an unfair dismissal action pending against Mr Alan Sugar, the chairman of Spurs, raises the uncomfortable thought that the next England manager could be locked in litigation against the boss of a leading club.

The most damaging allegation against Mr Venables concerns the way that he raised £1m to pay for part of his £3m stake in Spurs. Mr Venables, along with Mr Sugar, bought control of the club in June 1991. Prior to this buyout, Mr Venables was being paid £175,000 a year as manager of Spurs. He is not a rich man. Official documents show that Mr Venables had to borrow heavily to finance the deal – £2m from Norfina, a finance company, £250,000 as an unsecured loan from a friend and £750,000 "from his own resources". A year later, he was in trouble with his loan repayments. A letter from Norfina in August 1992 pointed to outstanding interest payments of £36,301.37 and threatened to call the loan into default, demanding full immediate payment.

But the most searching questions surround the £1m Mr Venables raised from Landhurst Leasing, a company which went bust, also in August [illegible] and which is now the subject of a Serious Fraud Office investigation. This deal appears to have involved Mr Venables pledging assets of another company of which he was once a director, Transatlantic Inns. Prior to its collapse in 1992, Transatlantic managed a handful of pubs. Its main assets were the premises' fixtures and fittings.

Mr Venables, through his personal company Edennote, entered into a sale and leaseback agreement with Landhurst, in which he in effect "sold" the pub fixtures in return for the £1m, and then leased the fixtures back, making regular payments to Landhurst. This type of deal allows a business to raise money against the value of its assets while continuing to use them in trade.

A document signed by Mr Venables and two Landhurst directors on August 30 1991 confirmed the deal. The agreement names Edennote as the lessee and refers to an attached schedule of equipment. The schedule refers to "all structural fixtures and fittings, bars, kitchen equipment, audio equipment, furniture and carpeting" from four pubs: Maceys in London, The Cock and Magpie in Epping, the Granby Tavern in Reading and the Miners in [illegible] Road, Cardiff.

An obvious point is that £1m is a large sum to set against some worn pub fittings, which a professional valuer has suggested were worth in the region of £100,000. Such valuation gaps, however, are not unknown in sale and leaseback, where the leasing company believes a business is trading well enough to meet its payment terms.

What cannot be so easily explained is why the fourth pub on the list, the Miners in Cardiff, does not exist. Nor has an explanation been offered for the fact that, according to Transatlantic's accounts, filed at Companies House, Mr Venables resigned as a director of Transatlantic Inns on June [illegible] 1991, two months before he entered into the transaction.

Mr Colin Wright, a director of Transatlantic, said yesterday: "We were horrified when we discovered that all of the assets of Transatlantic had been used by Mr Venables to raise a £1m loan. None of the directors of the company had authorised such a transaction. The implications were terrible for us. We could have been looking at a massive tax liability and to the outsider it could appear that we were involved in this deception, which we knew nothing about."

The cash, meanwhile, had gone into Edennote just six days before most of it was used to buy shares in Tottenham. To help the business deal along, Landhurst was paid an arrangement fee by Edennote, and also received a perk. Mr Venables instructed Spurs' marketing department to provide Landhurst with a [illegible] executive box at Spurs, free for the entire season.

Panorama tracked the flow of cash into and out of Edennote, using bookkeeping data prepared for the company, copies of which have been given to the programme. These show that the quarterly leaseback payments of [illegible] to Landhurst specified in the original lease document were made as agreed, for example on November [illegible] 1991, and January [illegible].

Mr Venables has declined to be interviewed about these matters either by Panorama or the Financial Times. According to a letter from his solicitor, Burton Copeland, to the FT: "It is neither right or appropriate for Mr Venables to enter into a detailed dialogue of matters that will, in due course, be fully ventilated before the court."

Mr Venables did address in the letter, however, the question of the lease agreement on the pubs, with this comment: "It is not accepted that Mr Venables signed the lease that you refer to as being dated August 30 1991."

However, a director of Landhurst at the time of the deal confirms that Mr Venables signed it and that the deal was a sale and leaseback undertaking of the kind outlined, based upon the assets of a number of pubs in which Mr Venables had an interest. A copy of the document is in Panorama's possession.

The general picture painted appears clear. Mr Venables urgently needed cash to buy his shares in Spurs and he raised it, at best, without regard to legal [illegible]. Others familiar with the Landhurst transaction say that it was a deal based essentially upon personal trust between Mr Venables and Mr Ted Ball, the founder of Landhurst.

Terry Venables: the job of England manager demands more than just soccer skills

Since the programme, the Inland Revenue has been examining Mr Venables' affairs. The Department of Trade and Industry has also expressed an interest in Edennote, though its concerns are wider than the [illegible] of the sale and leaseback deal. It has examined Mr Venables' offer documents for Tottenham Hotspur, in which Mr Venables claimed that Edennote "will have equity of £1m" and that [illegible] would come "from his own resources". In fact, the [illegible] had been raised from the pubs deal and the company's file shows no record of any increase in its authorised share capital from the £12,500 at the time of the offer.

Panorama's second tranche of business-related allegations revolved around Mr Venables' financial adviser, Mr Eddie Ashby. According to the programme, Mr Ashby used a venture capital company called Elite Europe to try to build an apparently wide-ranging business group. It was partly financed by money from companies in which Mr Venables had a significant interest, including [illegible] and [illegible] International, a club in Kensington, now the subject of a winding-up order.

Mr Ashby prepared a balance sheet for Elite Europe, apparently showing assets of [illegible] and then used it to try to borrow substantial sums from at least two finance houses. This scheme failed when one of the companies featured in Elite's bid to raise funds realised its assets had been grossly overstated and promptly severed all contact with Elite. While Mr Venables had some knowledge of Mr Ashby's activities, it is not clear that he knew of Mr Ashby's ultimate plan.

What Mr Venables indisputably did know was that Mr Ashby had been made bankrupt in 1992, with debts of £443,212. Mr Ashby also had [illegible] failures in his name. Despite this, Mr Venables appointed him as Tottenham Hotspur's general manager shortly after the takeover and he remained in post until Mr Venables was dismissed.

Mr Venables' persistent relationship with Mr Ashby has been a source of [illegible] to some of those responsible for making the decision about the England managership. There has even been talk that Mr Venables could be offered the job, so long as he agrees to sever links with previous business associates.

For many of England's long-suffering fans, Mr Venables' behaviour as a businessman is irrelevant. [illegible] his record as a soccer manager is unblemished. However, a number of serious questions have also been raised about his dealings within the game.

Panorama examined the sale of Paul Gascoigne to the Italian club, Lazio. The selling process began in March 1991, some three months before Mr Venables and Mr Sugar bought Spurs. Mr Dennis Roach, a football agent, was employed to find a buyer and Lazio was persuaded to pay £5.7m for England's most talented player. But, during the FA Cup Final in May, Gascoigne suffered the [illegible] injury of his career and the deal had to be renegotiated. Lazio still wanted Gascoigne, but not at the old figure. Negotiations recommenced and in early June revised terms began to take shape.

On June 20 1991, one day before the Venables-Sugar takeover, Lazio's lawyers sent a fax to Spurs offering [illegible] for Gascoigne – the price at which the deal was ultimately [illegible]. The player signed for Lazio on August 1 and according to board minutes a payment of £27,500 was made to Roach for his services in the deal.

However, Spurs paid a much larger sum, of £200,000, to Anglo European, a [illegible] company, which acknowledges that it was only employed by the club from July 12, to assist Mr Venables in the negotiations. Mr Venables has admitted that Mr [illegible] Santin, a friend and London restaurant owner, helped in the transaction; Mr Santin has described himself as an employee of Anglo European. Panorama asked why Mr Venables persuaded the Spurs board to agree such a large payment when the deal appeared to be virtually complete.

Mr Venables' solicitor told the Financial Times that the payment was made with the approval of the directors on the grounds that Mr Santin had "given considerable value in the form of the services that he had rendered in connection with the transfer of Paul Gascoigne". Mr Venables has also said in other press articles that Mr Santin was crucial in adding a number of valuable elements to the deal, apart from the price. These include the proceeds of interest payments on an escrow fund established during the negotiations and the proceeds from two Spurs-Lazio matches, including TV rights.

A detailed inspection of the club's records, however, has revealed that the escrow account interest payments were agreed in May, the games in early June and Sky TV has confirmed that TV rights were negotiated directly with Mr Sugar.

The programme also uncovered a number of payments that contravened Football Association rules. One invoice, for example, came from First Wave Management, an agency which lists a number of professional footballers as its clients. It sought [illegible] for "the assistance in arranging a distribution and merchandising network on behalf of Tottenham Hotspur". In reality, it has since been admitted by Mr Frank McLintock, the former Arsenal player who runs First Wave, that part of this payment was for assisting in the transfer of a player from Nottingham Forest to Tottenham. The FA stipulates that clubs should not pay agents for procuring players, but Mr Venables signed the invoice and it was paid in cash.

Despite the seriousness of these allegations, Mr Venables remains the favourite to lead England out of the international wilderness. In narrow footballing terms, appointing him may be the correct decision. But the job of England manager demands more than just soccer skills and the FA has a responsibility to ensure the highest standards off, as well as on, the field. Unless Mr Venables can answer these outstanding questions, the FA may have no alternative but to rule him out of the game.

The authors work for Panorama. Additional reporting by Bronwen [illegible]

OBSERVER

Portillo plays the bard

■ If only all John Major's ministers displayed the kind of erudition shown by Michael Portillo, chief secretary to the Treasury, in his speech last Friday to the Conservative Way Forward [illegible] annual dinner.

Portillo, [illegible] by some Tories as [illegible] eventually to succeed Major, gave a rousing address on "one of the greatest threats that has ever confronted the British nation" – nothing less than "national cynicism".

He recruited one of Shakespeare's least-performed plays, *Troilus and Cressida*, in support of his thesis. The play, he said, "explains how order in society depends upon a series of relationships of respect and duty from top to bottom." He then lengthily quoted Ulysses' speech in Act I scene iii:

"When degree is shaked
Which is the ladder to all high designs,
The enterprise is sick . ."

But if Portillo had read a little further, he would have discovered that Ulysses ends by depicting a scene today's cabinet may find quite familiar:

"The general's disdain'd
By him one step below, he by the next,
The next by him beneath; so every step,
Exampled by the first pace that is sick
Of his superior, grows to an envious fever
Of pale and bloodless emulation."

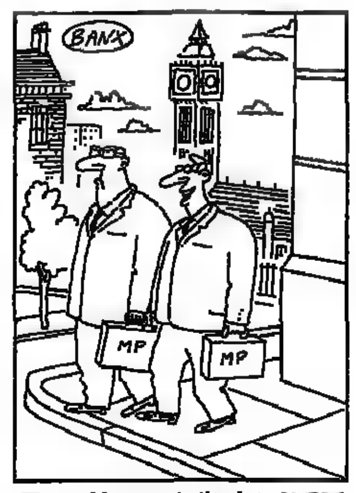
Thais of regret

■ Thai bankers have a nice line in cynical humour. Chulakorn Singhakowin, Bank of Asia president, was recently asked how financial institutions could help bridge the chasm between rich and poor in Thailand. "As a banker basically you have very little opportunity to rip off the poor," replied Chulakorn. "You try to rip off the rich. All Thai banks are currently lending to people who don't need the money – classical banking."

Miracle man

■ Des Wilson, the veteran public campaigner now working for Burson-Marsteller, hopes he can work miracles. [illegible] he was rather upset when no one took any notice of his latest marvel – getting the Church of England to drop its opposition to the National Lottery.

Des had also got the church to back his own pet project: helping



'We could promote 'back to basics' by kissing lots of babies'

Richard Branson and Lord Young win a lottery [illegible] whose profits would go to charity. David Sheppard, Bishop of Liverpool and chairman of the Church of England Board of Social Responsibility, last week issued a press release explaining why he hoped that the licence would go to "a company committed to passing on the largest possible proportion of profits to charity". Quite a PR coup.

So how come no one took any notice? Maybe because Sheppard's press release carried a rather stale December [illegible] dateline. Perhaps the C of E is rather touchy about miracle workers making unjustified claims.

Windy words

■ Bill Foggitt, the weather [illegible] from Thirsk, thinks Britain may have a heat wave this summer. Unmoved by recent heavy rainfalls – "it hasn't been much different than normal in Thirsk" – he reckons August may be unconventionally steamy.

"We had a good summer in [illegible]. That coincided with the Gulf War. It was a beautiful day when war broke out in September 1939 and we had a very hot summer in 1940."

Forebodingly, he adds that "Russia could be on again. I could see the Bosnian Serbian conflict overflowing into Macedonia and into Russia. It could lead to nuclear war."

Was he forecasting Armageddon? "No, that's the name we give an old lady who goes into the Three Tuns."

Private goulash

■ To lose one [illegible] is unfortunate; to lose two within a year is careless. That's the case with Hungary's AV RT state holding company, [illegible] of half the country's economy.

Szabolcs [illegible] picked a number of fights with his political masters during his brief, four-month tenure at the top of AV RT. He condemned electricity privatisation; defied ministers by offering foreign investors the chief executive's job in the telecoms company Matav; and gave grudging support for the government's privatisation programme.

The clash may also have been cultural. Szekeres was a re-emigré, a Hungarian-American returned from exile; they tend to have short public lives in today's Hungary. Szekeres' predecessor, Pal Teleki, also a re-emigré, met a similar fate last June.

The government may play safe next time. Lajos Csepi, currently managing director of the State Property Agency privatisation authority, and who has impeccable bureaucratic credentials, is front-runner for the empty chair.

Fourth dimension

■ Some companies haven't quite got their globalisation act together yet. Telecommunications giant AT&T is running an advertisement – "travel in a world without borders, time zones or language barriers" – which places Suriname in Africa. That's breaking down borders with a vengeance: Suriname sits in Latin America.

FINANCIAL TIMES
Monday January 17 1994

Claim embarrasses Eurotunnel ahead of expected rights issue

Channel tunnel builders launch legal action to recover £1bn

By Andrew Taylor, [redacted] Correspondent

British [redacted] French construction companies have presented their final bill for building the Channel tunnel by starting legal [redacted] recover [redacted] than £1bn which they say they are still owed.

The contractors [redacted] claiming £2.6bn ($3.84bn) for installing mechanical and electrical equipment. The original amount agreed [redacted] work was £630m at 1985 prices. The contractors [redacted] £1.5bn of [redacted] sum they are owed has already been paid.

The timing of the claim [redacted] potentially embarrassing for Eurotunnel, the project's operator, which is expected [redacted] a £500m rights issue this spring [redacted] part of £1bn fund-raising from banks and [redacted]

Details of the contractors' demands will have to [redacted] in [redacted] rights issue document issued by Eurotunnel unless the matter can be [redacted] beforehand.

Construction companies say the size [redacted] claim [redacted] likely to surprise prospective underwriters. The claim would represent the final payment to contractors, all previous claims having been settled.

Transmanche Link, a [redacted] tium of five British and five French construction companies, officially handed over the project [redacted] on [redacted] 10.

The builders agreed to [redacted] plete the tunnel, which [redacted] dogged by persistent [redacted] Eurotunnel and [redacted] contractors, only after Eurotunnel made an additional payment last summer of £235m. Eurotunnel has said that money would have [redacted] be repaid with interest if contractors could not substantiate outstanding claims.

The [redacted] of constructing the tunnel, including interest payments, [redacted] an [redacted] mated £4.8bn in [redacted] more than £10bn.

The [redacted] blame much of [redacted] increased cost on changes [redacted] design specifications, principally to [redacted] increased safety [redacted] the Zeebrugge ferry [redacted] and King's [redacted] underground fire.

The builders [redacted] delays by Eurotunnel in agreeing [redacted] mer's interim settlement with contractors [redacted] £500m to the cost of the project. Eurotunnel has strongly disputed [redacted] claims.

Negotiations between [redacted] struction companies and Eurotunnel are expected [redacted] begin shortly.

If agreement cannot be reached, [redacted] will be passed [redacted] an independent disputes tribunal. [redacted] the issue is still unresolved, the matter will [redacted] final arbitration before [redacted] International [redacted] of Commerce.

Eurotunnel [redacted] which have risen more than 40 [redacted] last summer, faltered [redacted] after [redacted] company announced higher-than-expected [redacted] for passanger crossings after the Channel tunnel [redacted] in May. By Friday [redacted] price fell [redacted] further [redacted] ending at 610p.

Italy faces watershed poll in March

[redacted] Graham in Rome

President Oscar Luigi [redacted] yesterday [redacted] popular pres[redacted] for [redacted] complete renewal of Italy's political establishment and dissolved parliament [redacted] than [redacted] months after the country's last general elections.

New elections to [redacted] held [redacted] March 27 will mark [redacted] sharp [redacted] with Italy's post-war political traditions. [redacted] of the [redacted] tainties [redacted] led President Scalfaro [redacted] his constitutional powers [redacted] the limit by [redacted] accepting the resignation of Mr Carlo Azeglio Ciampi, [redacted] prime minister, which [redacted] handed in [redacted] Thursday.

The introduction of electoral [redacted] which adopt a [redacted] past [redacted] post system [redacted] 75 [redacted] cent [redacted] the parliamentary seats, will [redacted] Italy away from fragmented multi-party politics [redacted] post-war [redacted] a limited number [redacted] large groupings.

The [redacted] parties [redacted] corruption scandals, coupled with [redacted] new [redacted] laws, [redacted] elections [redacted] fought by untried political alliances. The campaign promises [redacted] be full of surprises [redacted] the outcome [redacted] tain.

The [redacted] ground, long dominated by [redacted] Democrats [redacted] traditionally providing the largest number [redacted] votes, is in [redacted] disarray. Only the former communist Party [redacted] the Democratic Left (PDS) has in place a viable alliance [redacted] can [redacted] about 40 [redacted] of [redacted] vote, according [redacted] latest polls.

In a [redacted] parliament yesterday, President Scalfaro cited three reasons for dissolving Italy's 11th post-war legislature. The most important, he said, was the overwhelming [redacted] in [redacted] April's referendum favouring electoral reform. The result showed, [redacted] said, a popular will [redacted] just for electoral reform but [redacted] a [redacted] type [redacted] parliament.

Second was the outcome of the [redacted] sets of local elections in [redacted] using [redacted] electoral laws [redacted] allowed for direct election of mayors. If these results [redacted] projected [redacted] to parliamentary elections, [redacted] four-party majority backing [redacted] Ciampi government had less than 20 per cent of [redacted] vote.

Finally, President Scalfaro [redacted] corruption scandals [redacted] undermined [redacted] public [redacted] fidence in [redacted] credibility of the current political class. One in every six [redacted] of the [redacted] and Chamber of Deputies is under investigation.

In [redacted] interim Mr Ciampi will govern as caretaker prime minister.

Thus Mr Ciampi [redacted] left having in [redacted] retained [redacted] confidence of parliament without [redacted] formally taking place.

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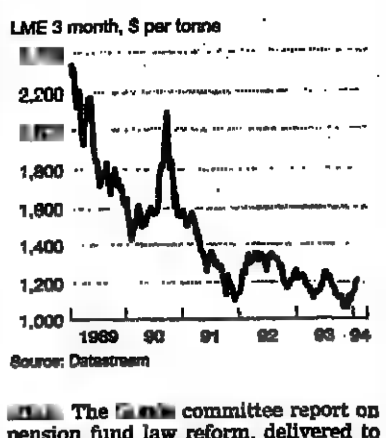
THE LEX COLUMN

Hungry for change

Britain's food retailers will be glad to have [redacted] the [redacted] of 1993. The big three [redacted] were [redacted] the seven worst performing FT-SE 100 stocks last year. The [redacted] as [redacted] whole underperformed by [redacted] This year has [redacted] off in better mood with [redacted] sector bouncing 15 per cent from [redacted] November floor, outperforming the market by [redacted] per cent [redacted] that time. There have been some encouraging trading [redacted] from [redacted] Morrison and Waitrose. [redacted] Wednesday, it [redacted] hoped Tesco will [redacted] to [redacted] good news. Given the lull in [redacted] price skirmishes, it [redacted] perhaps tempting [redacted] anticipate a further run in the shares.

Falling [redacted] margins [redacted] ensure [redacted] sector's earnings growth will lag the [redacted] the [redacted] future; especially [redacted] if Tesco [redacted] Argyll in depreciating [redacted] expensive assets. Yet [redacted] financial strength [redacted] of leading [redacted] maintain attractive [redacted] growth. [redacted] outperformed [redacted] sector recently but, [redacted] the longer term, [redacted] as perverse for the [redacted] favour [redacted] weak [redacted] industry [redacted] stronger companies like J. Sainsbury.

Yet, in truth, [redacted] current bounce may [redacted] income-hungry investors chasing [redacted] sector's yield down [redacted] the market [redacted] Some rebound is [redacted] natural after [redacted] fall. Much [redacted] appreciation will have to rely on a dose of inflation, [redacted] reduction in [redacted] capacity [redacted] successful diversification. [redacted] the [redacted] of hindsight, [redacted] misguided [redacted] rights [redacted] in 1991 resulted in too much capital being hurled [redacted] capacity will have to be removed before [redacted] bigger companies [redacted] resume growth.



Securities settlement

After the expensive blunder [redacted] was Taurus, London's [redacted] paperless settlement system [redacted] always likely to involve compromise in [redacted] interests of a quick fix. But the Bank of England is anxious [redacted] give institutions the opportunity to [redacted] company share registers [redacted] though the [redacted] held in nominee [redacted] its [redacted] Crest system. Such designa[redacted] might help protect pension funds against [redacted] selling or borrowing against their assets. The snag is [redacted] adds enormously [redacted] Crest's complexity, since many large [redacted] would [redacted] be [redacted] their component parts.

Support [redacted] designation is understandable in [redacted] the Maxwell [redacted] The [redacted] committee report on pension fund law reform, delivered to government in September, [redacted] it should [redacted] encouraged [redacted] practical. Yet Goode stopped short of recommending that designation should [redacted] compulsory, on [redacted] grounds that [redacted] only [redacted] protection [redacted] of pension fund [redacted] supervision [redacted] administrators [redacted] fund [redacted] Designation is [redacted] pro[redacted] against [redacted] fund [redacted] determined [redacted] beyond [redacted] powers.

If designation [redacted] incorporated [redacted] without jeopardising [redacted] project, though, [redacted] right [redacted] Fund managers freely admit [redacted] of their pension [redacted] are likely [redacted] opt for desig[redacted] if [redacted] available within Crest. With [redacted] security [redacted] pension funds [redacted] stake, [redacted] surely right.

Aluminium

[redacted] upward drift [redacted] aluminium prices points [redacted] optimism [redacted] output [redacted] can be agreed when producing [redacted] in [redacted] large overhang [redacted] stocks, though, [redacted] will take [redacted] than token measures [redacted] the market to bal[redacted] Reducing world output by perhaps 1.5m tonnes [redacted] year would be enough [redacted] erode [redacted] allow [redacted] metals bulls to push aluminium higher. Anything less would be a disappointment. Failure to [redacted] sort of agreement would rightly drag the price back towards the lows plumbed in the final quarter of last year.

Sharing production [redacted] between Russian producers and those in the west is the most difficult task. The gap between US demands for a 1m tonne capacity reduction from Russia, and the Russian offer of 300,000 tonnes, will not be bridged easily. It is difficult to believe that [redacted] anti-dumping litigation from US producers will [redacted] settlement. More imaginative solutions – [redacted] as using western [redacted] to upgrade Russian smelters, which would [redacted] output for a spell – might hel[redacted]

But Russia will be unwilling to shoulder the burden [redacted] real cutbacks alone, not [redacted] aluminium exports are a useful source of hard [redacted] Alcan's decision [redacted] to cut [redacted] annual output may set the [redacted] for [redacted] wider agreement if other [redacted] companies are willing [redacted] in basic industries suggests that, [redacted] if overall targets are agreed, [redacted] lengthy period [redacted] haggling [redacted] European [redacted] North [redacted] companies will follow.

UK gilts

The poor performance of gilts so far this year might have convinced the [redacted] of England not to hold a gilts auction in January. [redacted] it has chosen to do so after all comes as something of [redacted] relief. It means the authorities have enough confidence in the market to get [redacted] sale away. The 15-year maturity range is [redacted] which [redacted] reasonable [redacted] domes[redacted] anxious to buy longer[redacted] which [redacted] in [redacted] supply. With sterling already strong [redacted] international markets wobbly, this is probably not a time to rely too heavily on foreign [redacted]

These arguments, though, would have pointed to an [redacted] longer-dated issue of 25 or 30 years. That the Bank [redacted] 15-year maturity underlines a different [redacted] Rightly [redacted] wrongly, [redacted] market perceives it has chosen not to borrow over 25 years at rates around 6.6 per [redacted] undermine [redacted] credibility [redacted] anti-inflation policy. Were it [redacted] do so, the market would [redacted] it had [redacted] long yields [redacted] reached [redacted] trough. [redacted] in turn could spark a nasty sell-off.

Somehow the Bank needs to find a [redacted] of getting itself [redacted] this hook. Funding pressures are lower than they [redacted] year ago, but they are still considerable. [redacted] does not help if the Bank limits its scope to borrow across the entire yield curve. Nor is it good for the market to be deprived of liquidity at the long end. Perhaps the Bank should start by issuing an ultra-long tap after the auction to get investors used to the idea again. If it insists on waiting, it is bound to miss the boat.

Assad [redacted] to seek peace with Israel

Continued from [redacted] 1

[redacted] Beilin, deputy foreign minister, [redacted] significant [redacted] were spoken at [redacted] press conference, although mainly by Mr Clinton. Israel was waiting [redacted] hear from [redacted] delegation last night about what [redacted] said behind closed doors: "There's [redacted] element of progress although many things remained unspoken."

The [redacted] presidents also agreed to [redacted] up [redacted] working committee under [redacted] Warren Christopher, [redacted] secretary of state, [redacted] Mr Farouk al-Sharaa, the Syrian foreign minister, [redacted] explore bilateral [redacted] ferences between [redacted] two countries. Syria [redacted] the US black list of countries deemed to support international terrorism, but Mr Clinton was careful [redacted] refer only [redacted] "groups" operating with Syrian support, such [redacted] Hizbollah which [redacted] fighting the Israeli [redacted] pation of southern Lebanon.

Beijing [redacted] UK of threat to trade posed by Hong Kong

By Tony [redacted] in [redacted] and [redacted] Nicoll in London

China increased [redacted] Britain at the [redacted] with a warning [redacted] the continuing dispute over Hong Kong might have a "crippling effect" on trade.

Remarks by a senior Chinese official [redacted] designed to draw attention [redacted] possible costs of the festering Hong Kong [redacted] for British business [redacted] moment when previously icy Chinese rela[redacted] with [redacted] returning to normal.

France announced last week [redacted] it would ban further arms [redacted] to Taiwan. [redacted] decision by Paris in 1992 to authorise the sale of 60 Mirage jets [redacted] Taiwan led [redacted] a virtual [redacted] by Beijing on new agreements with French compa[redacted]

Mr Tong Jiemnin, deputy director-general for Europe [redacted] the trade ministry, [redacted] the [redacted] China Daily: "Bilateral [redacted] relations [redacted] hardly [redacted] damage from an unco-op[redacted] and unfriendly Britain."

Western [redacted] in Beijing said China was using the end of [redacted] dispute with France to highlight possible economic penalties for [redacted] if the Hong Kong issue remains unresolved.

The parallel with [redacted] French case will cause additional nervousness [redacted] British [redacted] nies, which have been strenuously seeking more [redacted] with China through high-level [redacted] missions, [redacted] headed by government ministers.

The efforts have already [redacted] in Sino-British trade, although from [redacted] low level. [redacted] businesses [redacted] they have seen so far no detrimental [redacted] on [redacted] from [redacted] dispute [redacted] Hong Kong, in spite of previous threats from Beijing.

The potential [redacted] of big infra[redacted] contracts, especially in the power and energy industries, would be [redacted] particular concern to Britain.

Sino-British [redacted] proposals by Mr Chris Patten, Hong Kong's governor, [redacted] broaden democracy in the colony [redacted] down [redacted] year after 17 rounds of [redacted] tiations.

Mr Patten, [redacted] of whose proposals [redacted] before Hong Kong's legislative council, will have talks with Mr John Major, UK prime minister, in London this [redacted] On Thursday, he will [redacted] before [redacted] Commons select committee on foreign affairs.

[redacted] figures show that Britain's exports [redacted] in the first 11 months of [redacted] reached $1.3bn, up [redacted] the corresponding period in [redacted] Imports [redacted] by [redacted] per [redacted] $1.63bn.

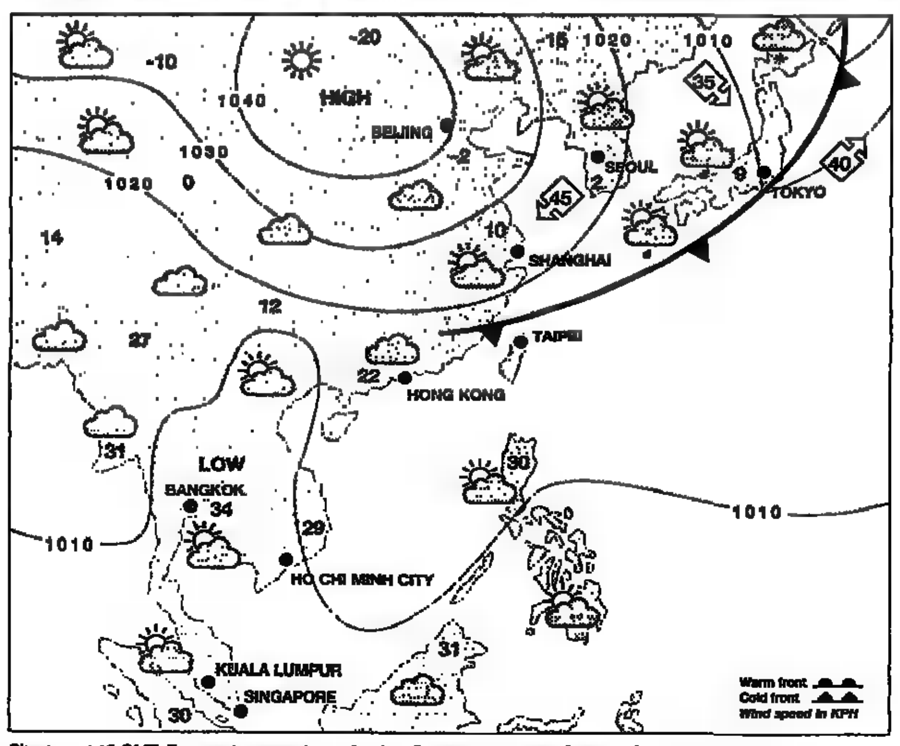
[redacted]

Asia today

Hokkaido will [redacted] occasional snow showers. The southern [redacted] will [redacted] some showers. The maximum temperatures will [redacted] reached [redacted] morning. [redacted] surge of [redacted] air will move [redacted] north-eastern [redacted] Temperatures will [redacted] freezing in [redacted] Beijing area [redacted] will reach [redacted] in Korea. There will be some sunshine. Northern China and Inner-Mongolia will [redacted] ample sunshine. Southern [redacted] will be cloudy but dry. The southern countries [redacted] continent will [redacted] sunshine. [redacted] will [redacted] generally cloudy, as [redacted] Philippines.

Five-day forecast

Conditions will remain unsettled in Japan. Temperatures will [redacted] degrees below [redacted] average as cold air moves in from [redacted] north-west. A high [redacted] area [redacted] northern China will [redacted] the south-east. In the Tropics, [redacted] will [redacted] sunny spells and [redacted] in [redacted] afternoon.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum		[redacted]	cloudy	2	Cardiff	[redacted]	1	Frankfurt	fair	-1	Malta	shower	16	Rio	fair	28
	[redacted]		[redacted]	fair	7	Chicago	snow	-1[redacted]	Geneva	snow	0	[redacted]	fair	1	Riyadh	fair	21
Abu Dhabi	fair	24	Berlin	[redacted]	-3	Cologne	fair	1	Gibraltar	[redacted]	14	Manila	cloudy	30	[redacted]	[redacted]	[redacted]
Accra	sun	[redacted]	[redacted]	[redacted]	23	D' Salaam	[redacted]	30	Glasgow	snow	1	Melbourne	fair	17	[redacted] Frsco	fair	17
Algiers	shower	[redacted]	[redacted]	cloudy	20	[redacted]	sun	28	Hamburg	[redacted]	[redacted]	[redacted] City	cloudy	20	[redacted]	fair	2
Amsterdam	[redacted]	[redacted]	Bombay	sun	[redacted]	[redacted]	[redacted]	10	Helsinki	fair	-5	[redacted]	fair	25	Singapore	cloudy	30
Athens	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	Delhi	[redacted]	18	Hong Kong	cloudy	20	[redacted]	fair	7	Stockholm	fair	-7
B.[redacted]	[redacted]	[redacted]	Budapest	[redacted]	3	[redacted]	fair	[redacted]	Honolulu	[redacted]	27	Montreal	snow	-11	Strasbourg	fair	0
B.ham	[redacted]	0	C.hagen	[redacted]	-1	[redacted]	cloudy	[redacted]	Istanbul	fair	11	[redacted]	snow	0	Sydney	fair	32
Bangkok	fair	34	[redacted]	fair	[redacted]	[redacted]	[redacted]	11	Jersey	fair	7	Munich	snow	-3	Tangier	fair	14
Barcelona	fair	[redacted]	Cape [redacted]	sun	[redacted]	Edinburgh	cloudy	2	Karachi	sun	[redacted]	Nairobi	fair	27	Tel Aviv	[redacted]	17
Beijing	fair	-2	Caracas	cloudy	[redacted]	Faro	fair	14	Kuwait	cloudy	17	[redacted]	[redacted]	11	Tokyo	[redacted]	9
									L.[redacted]	sun	[redacted]	[redacted]	fair	26	Toronto	snow	[redacted]
									[redacted]	[redacted]	20	[redacted]	snow	0	Tunis	[redacted]	15
									Lima	fair	27	[redacted]	[redacted]	10	Vancouver	fair	6
									Lisbon	fair	11	[redacted]	[redacted]	15	[redacted]	[redacted]	6
									London	fair	2	[redacted]	fair	[redacted]	[redacted]	snow	0
									Lux.bourg	fair	-1	[redacted]	fair	3	[redacted]	snow	-3
									Lyon	snow	1	Perth	fair	30	[redacted]gton	snow	0
									Madeira	shower	[redacted]	Prague	cloudy	-3	Wellington	cloudy	20
									Madrid	[redacted]	8	[redacted]	fair	31	Winnipeg	fair	[redacted]
									Majorca	fair	12	Reykjavik	rain	[redacted]	Zurich	cloudy	0

FINANCIAL TIMES
COMPANIES & MARKETS
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Monday January 17 1994

Shape of Italian bank sale announced

By Robert Graham in Rome

Iri, the Italian [illegible] holding company, has announced that it will privatise its 57 per cent stake in the Banca Commerciale Italiana (BCI) in February. A minimum of 40 per cent of the shares being sold will be reserved for [illegible] public offering.

The bulk will [illegible] for [illegible] and foreign institutions, with [illegible] limit of 2 per cent on [illegible] institutional investor's holding. The decision on the size of institutional stakes has been the subject of intense lobbying. Mediobanca, the Milan merchant bank, [illegible] believed [illegible] have [illegible] aquire [illegible] foothold in [illegible]. The latter has [illegible] 8 per [illegible] interest in Mediobanca.

By opting for diffused share ownership, Iri is following a similar path to that of Credito Italiano, its first bank privatisation in December. As in the Credito divestment, a 1 per cent ceiling has been imposed on individual investors.

Iri holds 462.1m ordinary shares while a further 88.6m savings shares will be converted by February 11. It said it expected to retain some 30.7m shares to exercise, if necessary, an over-allotment option. A further 40m would be offered to BCI employees.

In a related move, Iri has set in motion the process of unwinding a deal arranged last March with its telecommunications arm, Stet. This involved a L340bn ($200m) cash payment by Stet to Iri's hard pressed treasury to cover the use of three years' anticipated dividends from BCI. The deal covered 440m shares, equivalent to 53.3 per cent of BCI's equity. Stet last year received L137.5bn in BCI dividend payments.

A price has yet to be placed on Iri's stake in BCI, which has net assets of L6,900bn and generated a 1992 operating profit of L,1380bn. Lehman Brothers are advising on the offer and the roadshows begin on February 11.

At Friday's close, BCI shares were being traded at L4,900. If a similar strategy is adopted to that of Credito, then the discount would be near to 10 per cent. In this case the offer price would be about L4,400, with Iri likely to receive around L2,500bn from the sale.

David Waller recounts how Metallgesellschaft was brought back from the brink of collapse

Metals group wins backing for rescue

[illegible], the German metals, mining [illegible] industrial [illegible] off the threat of bankruptcy this [illegible] after winning agreement [illegible] DM3.4bn [illegible] rescue package.

At [illegible] 10-hour meeting [illegible] urday, representatives of 120 creditor banks buried [illegible] opposition [illegible] initial [illegible] proposals and approved new plans, averting [illegible] Germany's biggest corporate collapse [illegible] AEG electrical [illegible] bankrupt [illegible].

[illegible] place [illegible] Hof [illegible] in Frankfurt. Shortly [illegible] Mr Kajo [illegible]kirchen, the restructuring expert appointed chief executive [illegible] month, emerged [illegible] tell [illegible] reporters [illegible] company had been [illegible].

Appearing alongside him [illegible] Mr Carl [illegible] Boehm-Bezing, [illegible] Bank [illegible] who chaired [illegible]. Mr von Boehm-Bezing explained [illegible] the [illegible] been modified to take account of "understandable" criticism from foreign banks.

Without giving many details, he said that German banks had increased their commitment to to compensate for foreign banks' reluctance to go along [illegible] of [illegible] package. Deutsche and Dresdner banks, *which each own more than 10 per* [illegible] of MG's shares and *count among its biggest creditors*, [illegible] provide nearly half the DM700m of [illegible] to the stricken conglomerate. This [illegible] the pair's previ[illegible] position [illegible] they [illegible] DM1.5bn which they supplied [illegible] month.

Mr Neukirchen declared [illegible] it was [illegible] the group's tarnished reputation. Metallgesellschaft, [illegible] in [illegible] by [illegible] Englishman, has [illegible] turnover of DM27bn, [illegible] employees.

[illegible] concluded but *for a few formalities*, [illegible] Neu[illegible] on restructuring [illegible]. He was planning to [illegible] the Kolbenschmidt car [illegible], as well [illegible] trading operation in [illegible] mining [illegible]. About 10,000 employees [illegible] likely to [illegible] jobs [illegible] aim [illegible] saving DM700m [illegible].

Saturday's [illegible] were convened after both domestic and foreign banks refused to back the original proposals by last Wednesday's deadline.

The deal envisages [illegible] DM1.4bn rights issue, [illegible] version [illegible] DM1.3bn [illegible] bank [illegible] into junior convertible [illegible] and the provision [illegible] DM700m [illegible] credit. [illegible] broad outlines of this package are the same as originally proposed, but the details – *including the terms of the debt conversion and the rights issue – have been modified in favour of foreign banks.*

As Mr [illegible] Boehm-Bezing of Deutsche Bank jumped out [illegible] chauffeur-driven S-Class Mercedes and hurried up [illegible] steps of the Frankfurter Hof [illegible] Saturday, he was [illegible] whether he [illegible] that a deal [illegible] reached [illegible] guarantee the survival of Metallgesellschaft, Germany's fourteenth biggest company.

"Of course I am confident," he answered, through clenched teeth, as [illegible] went in [illegible] chair [illegible] *meeting of 120* [illegible]. But [illegible] was not until 10 hours [illegible] that he appeared in front [illegible] pack of journalists with Mr Kajo Neukirchen, MG's [illegible] executive, [illegible] explain [illegible] deal [illegible] done.

[illegible] was in short supply as [illegible] Wednesday deadline for the refinancing negotia[illegible] came [illegible] without agreement. First Norddeutsche Landesbank, [illegible] Hanover-based bank to the state of Lower Saxony, then [illegible] clutch [illegible] French institutions voiced objections [illegible] vociferous [illegible] they [illegible] to [illegible] what [illegible] MG [illegible] described [illegible] "the biggest [illegible] operation since Dunkirk".

[illegible] recognised from the start [illegible] they would lose far more money if [illegible] allowed [illegible] go bankrupt than if it [illegible] bailed-out. But equally [illegible] no doubting [illegible] sincerity [illegible] bankers' opposition [illegible] of [illegible] original deal, as presented [illegible] them in the [illegible] of January. Brinkmanship was [illegible] underscored by genuine passions [illegible] on Thursday and Friday [illegible] last [illegible] the group's future looked far from certain.

Objections focused [illegible] part [illegible] what NordLB called [illegible] "dictatorial" style in trying to bully through [illegible] it or [illegible] it' [illegible] with [illegible] room for negotiation. Foreign [illegible] – representing more *than* [illegible] *the* [illegible] *banks* [illegible] *the biggest exposure* – [illegible] further, accusing Deutsche Bank and Dresdner Bank of trying to

Global fix modifies German work-out

implement a German-style solution without taking account [illegible] international norms for such refinancing packages.

"They were trying [illegible] play it [illegible] work-out, *but* [illegible] *global fix* [illegible] *need here*," [illegible] one foreign [illegible] last [illegible]. "It was was very much Germany Inc [illegible] could have [illegible] internationality," [illegible] a German working for [illegible] foreign bank after the talks on Saturday. "We will all learn something [illegible] this."

One [illegible] negotiations were always characterised by [illegible] fierce battle between shareholders [illegible] creditors seeking [illegible] protect their [illegible] interests. [illegible] situation in Metallge[illegible] compli[illegible] by the [illegible] and Dresdner [illegible] only [illegible] but [illegible] shareholders. Representatives of [illegible] banks sit [illegible] supervisory board, making them in some [illegible] partly responsible for [illegible] mess which they [illegible] trying [illegible] up.

"There was a feeling [illegible] big banks [illegible] their [illegible] agenda and that we did not know [illegible] full story," [illegible] banker, complaining [illegible] lack of independent advisers to the negotiations. [illegible] ments [illegible] through in the French banks' insistence that they receive more information about MG's financial [illegible].

"In the [illegible] it [illegible] a question of [illegible] blinks last," [illegible] another banker. [illegible] and [illegible] the [illegible] the [illegible] community – *[illegible] NordLB came into* line – [illegible] deal to be [illegible] by giving in [illegible] the *foreign* banks' [illegible] they

Associated Press

Mr Kajo Neukirchen after Saturday's meeting with creditor banks, [illegible] by Mr Carl von Boehm-Bezing [illegible] Bank

[illegible] a larger contribution.

The talks ended with a round of applause for [illegible] Neu[illegible], MG's chief executive, and Mr Boehm-Bezing. Bankers [illegible] yesterday that they [illegible] pleased with the final package. [illegible] is [illegible] solution for all [illegible] involved and especially for *MG*," said [illegible] Rick Polet, [illegible] the Dutch ING Bank.

MG's survival [illegible] anteed, and Mr [illegible] will be [illegible] exercise his [illegible] restructuring skills. In [illegible] boardrooms of the big German [illegible] will be time, [illegible] deal has [illegible] done, to [illegible] post mortem into how Metallgesellschaft [illegible] have come [illegible] to [illegible] edge. [illegible] is likely to [illegible] the [illegible] supervisory board, [illegible] by Mr [illegible] Schmitz, Mr Boehm-Bezing's colleague on the [illegible] of the [illegible].

Japan and US attract institutions' attention

By Bethan Hutton in London

Institutional investors in [illegible] UK [illegible] shifting their attention away from continental European markets [illegible] Japan and [illegible] US, according [illegible] a survey by [illegible] stockbrokers Smith New Court and by Gallup, the market research [illegible].

For the first time [illegible] a balance [illegible] fund [illegible] said they [illegible] planning to [illegible] holdings of European shares. Last month, opinion [illegible] equally [illegible] on whether to raise or [illegible] holdings, [illegible] previous months showed [illegible] 20 per cent or more in favour [illegible] increases.

[illegible] has [illegible] been a [illegible] in [illegible] number intending to increase their Japanese [illegible] 39 per cent of managers planned to do [illegible], compared with 8 [illegible] cent [illegible] month. Interest in Japan is [illegible] level [illegible] October [illegible].

A balance of 11 per cent planned [illegible] raise [illegible] equity holdings.

The appeal [illegible] the UK stock [illegible] has dwindled, with a balance of 5 per cent planning [illegible] increase their UK holdings, compared with [illegible] in December. But [illegible] has been a sharp shift in favour [illegible] medium-sized FT-SE 250 companies, rather than the FT-SE [illegible]. Only [illegible] per [illegible] of [illegible] preferred FT-SE 100 [illegible] this month, compared with [illegible] per [illegible] month, [illegible] favouring [illegible] 250 stocks leapt from [illegible] to [illegible] cent.

[illegible] three favourite UK sectors were media, leisure [illegible] hotels, and building materials and merchants. The [illegible] liked [illegible] banks, property and food retailers, although banks and property companies [illegible] among the favourites in [illegible] October's survey.

Managers continued to [illegible] optimistic about the UK economy, with 22 per [illegible] expecting [illegible] to [illegible] much better in the [illegible] 12 months [illegible] 72 per [illegible] expecting [illegible] little progress. However, 71 per cent said inflation would be rising [illegible] rapidly in [illegible] year's time.

On a three-month view of major stock indices, [illegible] positive about the Dow-Jones Industrials index, with a [illegible] of 37 per cent describing themselves as bullish. Over a 12-month period, the [illegible] rated [illegible] highly, with [illegible] balance of 64 per [illegible] taking [illegible] bullish view.

[illegible] 89 institutions, managing [illegible] total [illegible] ($1,180bn), took part in [illegible] week.

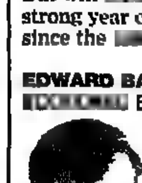
Markets this week

Starting on page 19

PETER MARTIN: GLOBAL INVESTOR

[illegible] analysts have already written off 1994, with continental Europe still stagnant, Japan still deflating [illegible] the [illegible] and [illegible] throttled back by tax [illegible]. But will [illegible] be the first strong year of global growth since the [illegible] Page 19.

EDWARD BALLS: [illegible] EYE



China's *economic* record has been impressive since [illegible] embraced the market economy back in 1978. But [illegible] past can be a misleading guide to the future. Rapid development [illegible] opened wide inequalities which [illegible] an increasingly [illegible] obstacle to further reform. Page [illegible]

[illegible]
The dollar floating-rate note [illegible] made a comeback, with investor appetite reflecting [illegible] that the [illegible] Federal Reserve will tighten monetary policy. Page 20

Equities:
After a record-breaking week, US share prices are likely to rise further as investors concentrate on [illegible] promising [illegible] and earnings outlook. [illegible] 21

Emerging [illegible]
Will 1994 be Africa's year? Not only is [illegible] growing belief in this, but it can [illegible] argued [illegible] the [illegible] already under [illegible].

[illegible]
[illegible] dollar and sterling [illegible] last week's strength against [illegible] D-Mark? Page 21

STATISTICS

This week: Company news

US BANKS

More in the bag than had been counted on

Some of the US's biggest commercial banks will [illegible] the cap on [illegible] record year when they report results this week. The stock market had already been expecting [illegible] strong fourth quarter, but early figures [illegible] by two banks last week suggested that the numbers may be even better.

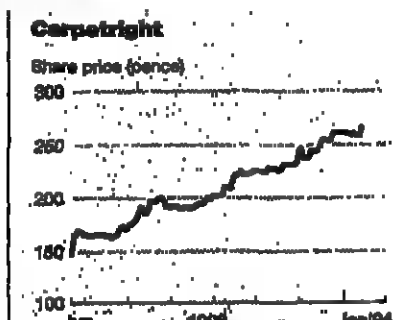
A bevy of the [illegible] are due to report tomorrow: [illegible] York [illegible] Citicorp, [illegible] and Chase Manhattan, along with [illegible] biggest "super-regionals", NationsBank [illegible] BancOne. BankAmerica [illegible] *Bankers Trust* [illegible] *in* [illegible].

Bank [illegible] last autumn, [illegible] anticipate a decline in [illegible] margins from record levels as the US interest rate cycle turned. Also, [illegible] believe the banks can repeat the bumper trading [illegible] earned in the middle of the year, during instability in the European currency and interest rate markets.

J.P. Morgan and Citicorp gave [illegible] market pause [illegible] thought with figures released last week (Citicorp gave a [illegible] outline when announcing the [illegible] Quotron) Each [illegible] write-downs and/or restructuring charges, yet ended with stronger profit growth than most analysts had expected.

For J.P. Morgan, the figures were underpinned by advances in all [illegible] main businesses, including trading. Citicorp will [illegible] until tomorrow, but is expected to report higher-than-expected revenues, in part from its retail banking operations in developing countries.

If others match these two, then analysts' projections for fourth quarter earnings are likely to prove over-cautious. Ms Diane Glossman, senior analyst at Salomon Brothers, had been projecting earnings per share [illegible] $1.25 at Chase (level with the third quarter), $1.22 at Chemical ($1.84), $1.34 at NationsBank ($1.33), 82 cents [illegible] BancOne (level) and $1.20 at BankAmerica ($1.19).



Magnet/Carpetright/MFI

Born again in carpets and kitchens

[illegible] *goes* [illegible] *comes around*, commented Mr [illegible] on [illegible] purchase of Magnet, the UK kitchen and joinery group. The conjunction of three pieces of news backs this view: the Magnet deal, Carpetright's interim [illegible] this [illegible] and MFI's interims next week.

These events mark the reappearance [illegible] from [illegible] 1980s. The fashion [illegible] that [illegible] was for leveraged buy-outs. It proved an unsuccessful one. [illegible] Phil Harris sold Lowndes Queensway in [illegible], setting up Carpetright shortly afterwards, and then saw it go under in 1990. MFI's *MBO was done in 1987, giving it a* couple [illegible] good years before the downturn in consumer spending caused by high [illegible] rates – which [illegible] crippled heavily indebted businesses – pushed it into [illegible] refinancing in 1989. It [illegible] then that Magnet's management undertook its £629m buy-out, which *proved* [illegible] *for* [illegible] *backers.*

While both Lowndes Queensway and Magnet's parent company went into receivership, MFI has been [illegible] survivor. [illegible] MFI and Carpetright back on the stock market, this year will see the return of Magnet. [illegible] the hope is that trade is picking up. Magnet [illegible] indicated that [illegible] were good, and analysts expect a good rise in interim profits from Carpetright [illegible] £5.2m-£5.5m.

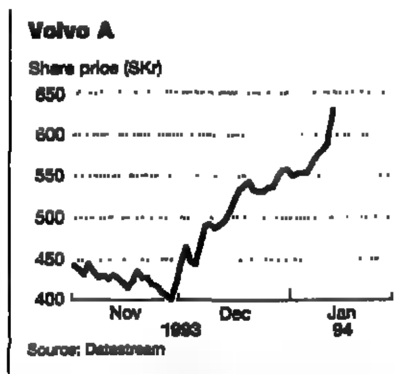
OTHER COMPANIES

Elf's last figures before privatisation

Elf-Aquitaine, [illegible] French state-owned oil group [illegible] for privatisation, will [illegible] provisional [illegible] for [illegible] tomorrow. [illegible] Philippe Jaffré, who [illegible] as chairman [illegible] August, [illegible] already [illegible] that profits will [illegible] a sharp fall from FFr6.2bn ($1.1bn) to just [illegible] FFr1bn. The decline reflects [illegible] oil price, the write-down [illegible] certain oil assets and Mr [illegible] up [illegible] of Elf's privatisation, due to be launched later this month.

■ **Chrysler:** The [illegible] car manufacturer is expected [illegible] report strong fourth quarter figures tomorrow. The domestic [illegible] and light truck [illegible] enjoying [illegible] growth, with [illegible] up 8 per cent in 1993. Chrysler [illegible] well thanks to [illegible] strong line-up [illegible] new high-margin [illegible]. [illegible] December [illegible] up 7 per cent on 1992 and were its strongest [illegible] the month in [illegible] years. [illegible] of fourth quarter earnings per [illegible] range [illegible] $1.37 [illegible] with a mean around $1.60.

■ [illegible] will [illegible] new seven-man [illegible] on Wednesday, following the clear-out that accompanied [illegible] month's collapse of [illegible] planned [illegible] with Renault. Mr [illegible] Svanholm, [illegible] of the Swedish operations of Asea *Brown Boveri, is expected to be* confirmed as chairman, with Renault chief executive Louis Schweitzer also gaining a [illegible]. Nominations to all seven posts have [illegible] made by [illegible] accounting for at least 40 per cent [illegible] Volvo's [illegible] and are unlikely [illegible] opposed.



■ [illegible]er Holdings: The UK-based [illegible] photographic equipment distributor is expected to announce full-year pre-tax [illegible] up [illegible] on Thursday, including a [illegible] provision mainly to [illegible] restructuring in Europe. The results will be [illegible] Inchcape, which bought [illegible] 15.3 per [illegible] stake in Gestetner in May, must [illegible] whether [illegible] exercise its option [illegible] acquire convertible unsecured loan stock, enabling it [illegible] lift [illegible] to 24.6 per cent. The exercise price on [illegible] option, which expires [illegible] July 1, is equal to 172p a share – well above the current 140p level.

■ **Northam Platinum:** [illegible] Thursday chairman Mr John Hopwood will announce whether [illegible] troubled R1,72bn ($500m) mine reached [illegible] production targets in December, when it reports results for the half-year. *Northam, owned by Gold Fields of* South Africa, is a high-cost deep-level mine [illegible] profitability hangs on achieving [illegible] recovery grades, given [illegible] platinum prices. Northam had to raise R220m in additional loans to [illegible] working capital [illegible].

Companies in this issue

Treuhand in big east German utility sale

By Judy Dempsey in Berlin

The Treuhand, the [redacted] privatisation agency, will tomorrow sell a majority stake of a large [redacted] German utility group [redacted] PreussenElektra, the electricity division of Veba, [redacted] Germany's second largest utility company.

The sale, which follows a long drawn out dispute [redacted] ownership rights of eastern Germany's utility assets, will be followed by the privatisation of the region's remaining 14 utility [redacted] to RWE [redacted] Bayernwerk, western Germany's other two largest utility [redacted]

PreussenElektra, which [redacted] and operates nuclear, hard coal, and brown coal power stations, will acquire [redacted] German regional utilities of Frankfurt/Oder, Magdeburg, Neubrandenburg, Potsdam [redacted] tock.

It is expected to invest [redacted] DM800m (£312.5m) in the modernising and upgrading of the power [redacted] Veba and its other subsidiaries plan to invest DM8.4bn in [redacted] Germany over the next four [redacted]

The sale will give PreussenElektra a virtual monopoly [redacted] the generation and distribution of electricity in [redacted] region as a result of the [redacted] vertrag, or Electricity Contract signed in 1990 [redacted] the former [redacted] German and [redacted] German governments.

Under the [redacted] the [redacted] tract, west Germany's utility companies are legally permit[redacted] to own 51 per [redacted] of [redacted] ern Germany's [redacted] utilities [redacted] with [redacted] remaining 49 per [redacted] held by [redacted] municipal[redacted]

However, in order [redacted] underwrite investments of [redacted] DM46bn by [redacted] German utilities, the contract stipulated that eastern Germany's regional utilities must, over the next 20 years, buy 70 per cent of their energy from Veag, eastern Germany's largest major utility [redacted] group is controlled by [redacted] Germany's eight electricity companies, including PreussenElektra.

However, Veba [redacted] that although PreussenElektra will enjoy a virtual monopoly, they [redacted] that the company fears increasing competition from the [redacted] sector, [redacted] well [redacted] a continuing decline in [redacted] consumption.

Energy consumption in eastern Germany [redacted] fallen [redacted] per [redacted] largely due [redacted] collapse [redacted] manufacturing.

Heineken withdraws from spirits

By Ronald van de Krol

Heineken, the Dutch brewer, [redacted] withdraw from its last remaining activity in spirits by selling its share of [redacted] distillery joint [redacted] its partner, [redacted] and beverages [redacted] Wessanen.

[redacted] Benelux, [redacted] joint venture, was set up in 1989 as a way for both companies [redacted] combat [redacted] decline in consumption [redacted] spirits.

The venture, the biggest [redacted] tiller in [redacted] brands such [redacted] Bols, [redacted] and Coebergh, [redacted] managed by [redacted] Wessanen, which wanted 100 [redacted] control [redacted] it [redacted] further international expansion.

Heineken, [redacted] expects to book an unspecified extraordinary gain on the transaction, [redacted] that distilled spirits [redacted] always [redacted] small part of [redacted] total business, which [redacted] firmly [redacted] brewing beer.

CROSS BORDER M&A DEALS

BIDDER/INVESTOR	TARGET	SECTOR	VALUE	COMMENT
Transamerica [redacted]	Unit of Tiphook [redacted]	Freight	£757m	[redacted] price dropping
[redacted] Finland (Finland)	[redacted] (Latvia)	[redacted]	£108m	Investing [redacted]
Sedgwick Group [redacted]	[redacted] Bergvall (Norway)/ MVM (Germany)	[redacted]	£22.9m	Acquisitions completed
[redacted] Group (International)	[redacted] Keen [redacted]	Engineering	£11.9m	GKN [redacted] disposal
[redacted] (UK)/Shenzhen [redacted] Park (China)	[redacted] (Joint venture)	Metallurgical [redacted]	£2.6m	[redacted] production [redacted]
North [redacted] (UK)	Scandive (Norway)	Transportation equipment	£1.35m	Remote [redacted] buy
[redacted]	Unit [redacted] Citicorp (US)	Business information	n/a	Citicorp selling Quotron arm
[redacted] Biscuits (UK)	[redacted]	Food	n/a	Lifting [redacted] to 70%
Courtaulds [redacted] (UK)	Societe Dentelles Calaisiennes [redacted]	Lace	n/a	Complementary cash buy
Du Pont [redacted]	IDAC (Germany)	Paints	n/a	Buying out ICI

Austria's savings banks get deadline

By Patrick Blum in Vienna

Austria's savings banks have until [redacted] end of February to agree on radical restructuring plans for the savings bank sector [redacted] a solution imposed jointly by Bank Austria, the country's largest commercial bank, and Erste Oesterreichische Spar-Casse, a leading [redacted] bank, according to Mr [redacted] Haiden, BA chairman and chief executive.

Proposals [redacted] the [redacted] envis[redacted] the establishment of [redacted] holding [redacted] in which all or most savings banks would participate.

This would be accompanied by [redacted] reorganisation [redacted] GiroCredit, which [redacted] both clearing institution for the savings banks and a commercial [redacted] in [redacted] own right. Erste owns 21 per [redacted] of GC.

[redacted] the plan, BA, which holds almost 31 per cent in GC, would sell about two-thirds of its holding to a consortium consisting [redacted] Erste, [redacted] provincial savings [redacted] and Austria Collegialität Versicherung, [redacted] leading [redacted] The [redacted] would be held by [redacted] holding [redacted] pany.

The plan however, has [redacted] generate much enthusiasm [redacted] provincial savings banks, which [redacted] they will lose power [redacted] influence [redacted]

[redacted] Mr Haiden [redacted] the [redacted] "We've [redacted] discussing [proposals] [redacted] and a half, and [redacted] too long.

"If [redacted] proposals] are not successful, then it is [redacted] responsibility of Bank [redacted] and Erste together [redacted] see what [redacted] done and [redacted] responsibility for GiroCredit," [redacted] said.

He added that this was likely to involve changes on GC's management and supervisory boards, as well as [redacted] thorough [redacted] bank's priorities and tasks. Such changes would have [redacted] approved by [redacted] nary general assembly of [redacted] as the next general assembly is not [redacted] until the end of April.

Trifast to raise £15m via SE listing next month

By Andrew Baxter

Trifast, [redacted] of the UK's largest [redacted] and distributors of industrial fasteners, plans to go public [redacted] the London Stock Exchange next month in a flotation expected to raise about £15m.

The deal will reduce the stake of the two founders, Mr Mike Timms and Mr Mike Roberts, from 90 [redacted] cent to between 30 and 50 per cent, and leave a [redacted] of about [redacted] £4m [redacted] the [redacted] company.

Mr Malcolm Diamond, who has been managing director since 1984, said [redacted] would [redacted] for [redacted] expansion, and [redacted] replenish finances after a [redacted] acquisition [redacted] the [redacted] of its Uckfield manufacturing operation [redacted] larger site.

Trifast, which [redacted] TR Fastenings, [redacted] 70,000 different products and world rights to [redacted] Bush, a form of nut used [redacted] provide [redacted] tapped hole in sheet metal, and the Binx Nut, a self-locking vibration-proof [redacted]

About [redacted] per cent [redacted] products [redacted] made in its three UK factories and the rest is bought from suppliers in [redacted] Far East, Europe and elsewhere.

Mr Diamond [redacted] weathered the recession well because of low gearing – only 17 per cent [redacted] after [redacted] year's acquisition of Edenbridge-based [redacted] Techniques, a former rival.

Sales [redacted] risen from £17.6m in [redacted] March [redacted] to [redacted] £28m in [redacted] current year. Pre-tax profits [redacted] from £1.45m in 1990 to £1.98m [redacted] year, and [redacted] to rise considerably this year.

Trifast [redacted] benefited heavily from co-operation [redacted] its [redacted] tomers in arrangements [redacted] as long-term partnership [redacted] ing and fastener management, reducing its exposure [redacted] the traditional customer/supplier relationship where contracts are won purely on the basis of price.

Mr Diamond hopes the flotation will provide [redacted] springboard to further expansion as Trifast's big computer and [redacted] single-sourcing for [redacted] and increasingly subcontract [redacted] assembly work.

He [redacted] to plug [redacted] Trifast's network, notably in the Republic [redacted] Ireland, and exploit untapped market opportunities.

But he [redacted] growth possibilities in [redacted] fragmented £350m-plus [redacted] market, [redacted] Trifast has [redacted] share of just 7 [redacted] overall. Acquisitions of [redacted] chant [redacted] sibility, he said. [redacted] Capel [redacted] brokers [redacted] company. The pathfinder document is expected [redacted] January [redacted]

Graham Group flotation to occur early this year

By Bethan Hutton

[redacted] has confirmed that [redacted] is planning [redacted] Graham Group, [redacted] building [redacted] agricultural materials subsidiary, early this year.

[redacted] timetable for [redacted] listing [redacted] yet [redacted] announced, but a pathfinder prospectus for a public offer and placing is expected within a few weeks.

The flotation is likely [redacted] Graham Group [redacted] about [redacted]

There [redacted] main businesses [redacted] group: Graham Builders Merchants, [redacted] supplier [redacted] building [redacted] plumbing trade, with [redacted] branches, and Goodman Crog[redacted] agricultural hardware wholesaler, with [redacted] branches.

The group employs almost [redacted] people, [redacted] in 1992 had a [redacted] It is [redacted] fourth largest builders merchant, [redacted] market.

Mr [redacted] Yardley, a non-executive director [redacted] BTR, [redacted] to become non-executive chair[redacted] Group. [redacted] formerly [redacted] the BTR division which [redacted]

Manchester City confirms talks

Manchester City Football Club [redacted] Mr Francis Lee, [redacted] club's former player and England international, confirmed that they were in talks with a view [redacted] Mr Lee making an offer for the club.

A joint [redacted] discussions were continuing and [redacted] further announcement would be [redacted] course. Both parties agreed [redacted] no further [redacted] now.

Europa merger delay not as long as expected

The delay to [redacted] three-way merger [redacted] announced six months ago involving Europa Minerals, a small London-quoted finance house, [redacted] Australian companies with which it [redacted] already closely linked – Austmin [redacted] Burmine – will [redacted] be as long [redacted] recently [redacted]

[redacted] has been ordered by [redacted] Australian Securities Commission [redacted] to put a resolution [redacted] shareholders [redacted] appeal hearing. This hearing [redacted] originally scheduled [redacted] March 14 but, [redacted] Burmine's request, [redacted] been brought [redacted] to February 7.

The appeal [redacted] in [redacted] with the rival bid [redacted] Burmine.

Midland & Scottish offshoots' proposals

By David Blackwell

[redacted] subsidiaries [redacted] Midland & Scottish Resources which operate [redacted] Emerald oilfield east [redacted] Shetland, have sent a proposal [redacted] their creditors for [redacted] voluntary arrangement under the Insolvency Act 1986.

Trafalgar House, own[redacted] of the Emerald Producer rig, and MSR, owner [redacted] the floating storage unit, have agreed to defer half the daily charter rates, backdated to October 1 last [redacted] until the unsecured [redacted] have been paid 50p in the pound.

Banks were not prepared to advance the [redacted] further funds, and MSR [redacted] was unable to [redacted] further funding as it had already granted security on all its assets to lenders.

[redacted] said that creditors' approval [redacted] the voluntary arrangement would allow an orderly run down and [redacted] abandonment of the Emerald Field at the [redacted] or in spring 1995.

Mr Jon Hawksley, MSR [redacted] said the life of the [redacted] would now depend [redacted] the operating equipment could be redeployed. Without the voluntary [redacted] ments, production, already [redacted] 16,000 barrels a day, would have stopped this spring.

Cray has 98.5% of P-E shares

The recommended offer by Cray Electronics, the data communications and software systems group, [redacted] P-E International will close [redacted] 3pm on March 31.

[redacted] of business on January 13, valid acceptances had been received in respect of [redacted] (90.2 [redacted] cent) in P-E.

Together with 1.8m shares [redacted] since the [redacted] was announced, Cray owns [redacted] has received acceptances for 21.55m P-E shares [redacted] per [redacted] shares will [redacted] compulsorily acquired.

Prices for electricity [redacted] the purposes of the [redacted] and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 16.01.94: Pool purchase price £/MWh	Final Prices for Trading on 15.12.93: Pool purchase price £/MWh	Final Prices for Trading on 15.12.93: Pool selling price £/MWh
[redacted]	18.05	18.03	18.03
0100	25.46	32.39	34.45
0130	[redacted]	32.39	34.45
0200	[redacted]	32.39	34.45
0230	34.25	32.39	34.45
0300	26.45	22.04	[redacted]
0330	26.41	20.81	22.66
0400	21.56	20.85	22.62
0430	[redacted]	20.61	[redacted]
0500	[redacted]	20.36	22.42
0530	20.30	20.54	22.61
0600	20.30	20.54	22.61
0630	20.30	20.54	[redacted]
0700	20.30	20.54	22.61
0730	20.30	20.54	[redacted]
0800	20.30	20.54	22.61
0830	[redacted]	20.54	22.61
0900	20.20	20.88	22.94
0930	20.30	20.97	[redacted]
1000	[redacted]	20.99	23.06
1030	[redacted]	[redacted]	[redacted]
1100	[redacted]	22.46	[redacted]
1130	[redacted]	22.45	24.61
1200	[redacted]	[redacted]	[redacted]
1230	[redacted]	[redacted]	[redacted]
1300	30.35	32.00	[redacted]
1330	[redacted]	22.65	24.71
1400	[redacted]	22.65	24.71
1430	[redacted]	18.06	18.06
1500	23.44	18.05	[redacted]
1530	20.84	18.02	18.02
1600	[redacted]	18.07	18.07
1630	20.84	24.10	[redacted]
1700	24.66	26.86	[redacted]
1730	[redacted]	[redacted]	[redacted]
1800	28.66	35.54	37.60
[redacted]	[redacted]	[redacted]	37.60
[redacted]	[redacted]	[redacted]	28.53
1930	26.67	24.10	26.17
2000	[redacted]	22.65	24.71
2030	25.76	22.46	[redacted]
2100	24.96	22.46	[redacted]
2130	24.09	22.45	[redacted]
2200	23.72	18.04	[redacted]
2230	21.69	18.02	18.02
2300	20.73	18.02	[redacted]
2330	18.02	18.00	[redacted]
2400	17.96	17.99	17.09

[redacted] are [redacted] for every half-hour in each twenty-four hour [redacted] Prices are in pounds per megawatt-hour, [redacted] To convert prices to pence per kilowatt-hour the decimal point [redacted] be [redacted] one place to the left, eg £18.88/MWh [redacted] Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0602-456789 between 8:30am and 5.15pm Monday to Friday.
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[redacted] in England and Wales.

[redacted] period ending	[redacted]: Pool purchase price £/MWh	Final Prices for [redacted] on 22.12.93: Pool purchase [redacted]	Final Prices: Pool selling price £/MWh
[redacted]	18.05	18.04	[redacted]
0100	21.89	22.45	[redacted]
0130	28.29	22.45	24.06
0200	[redacted]	21.90	23.93
0230	28.39	21.90	23.53
0300	38.00	[redacted]	23.53
0330	36.00	[redacted]	[redacted]
0400	28.06	21.40	23.09
0430	[redacted]	18.02	[redacted]
0500	23.32	18.00	18.00
0530	[redacted]	18.00	18.00
0600	18.06	18.01	18.01
0630	23.24	18.04	[redacted]
0700	23.31	18.07	18.07
0730	[redacted]	20.81	[redacted]
0800	24.45	23.03	[redacted]
0830	24.80	23.42	[redacted]
0900	25.17	23.54	[redacted]
0930	26.18	23.54	25.17
1000	26.19	26.15	28.78
1030	25.19	25.15	28.78
1100	26.20	25.15	28.78
1130	26.21	33.65	36.28
1200	26.24	33.65	36.28
1230	25.22	33.65	36.28
1300	25.19	26.15	28.78
1330	26.15	26.15	28.78
1400	25.14	23.54	25.17
1430	25.13	23.54	25.17
1500	25.13	23.54	25.17
1530	18.40	23.47	25.10
1600	24.24	26.61	28.45
1630	31.68	25.38	27.09
1700	62.49	36.90	38.64
1730	56.14	36.89	38.73
1800	60.71	34.59	36.37
1830	36.47	33.56	35.22
1900	34.09	26.61	28.45
1930	26.86	25.69	27.32
2000	25.50	25.19	26.82
2030	25.28	23.54	25.17
2100	25.26	23.54	25.17
2130	25.28	23.54	25.17
2200	23.60	23.01	24.64
2230	23.60	22.88	24.51
2300	18.11	22.04	23.67
2330	18.09	18.06	18.05
2400	18.08	18.04	18.04

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal [redacted] should be moved one [redacted] the left, eg [redacted] becomes 1.888p/KWh. Provision for the [redacted] of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity [redacted] the pool. The calculation of pool prices [redacted] highly complex [redacted] to revision or [redacted] (and [redacted] alterations) until final pool [redacted] are determined approximately twenty-four days after the [redacted] Accordingly, due to the possibility of their [redacted] and/or correction, no reliance should be placed upon provisional [redacted] prices for any day being the same as final pool [redacted] for that day. Final pool prices are also capable of revision [redacted] is the price paid by purchasers of [redacted] pool trading arrangements. It is [redacted] upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services [redacted] Anyone [redacted] to receive such information should [redacted] 0602-456789 between [redacted] Services Limited

Brussels solves gas sale problem

By Andrew Hill in Brussels

The Belgian government has chosen a [redacted] solution to the difficult privatisation [redacted] SNI-NIM, the state holding company which owns 50 per cent of Distrigaz, the country's [redacted] supply and distribution monopoly.

The government has [redacted] in principle to [redacted] most [redacted] its 83 per cent [redacted] in SNI-NIM [redacted] Ackermans [redacted] van Haaren, a quoted Antwerp-based industrial holding company. If Ackermans agrees to the government's conditions, the deal should raise about BFr14.5bn [redacted] help ease Belgium's budget deficit.

The decision – part of the government's BFr85bn four-year privatisation programme – puts an end to rival bids for [redacted] stake in Distrigaz, lodged by a range [redacted] international investors, including [redacted] Gas.

The government wants to keep tight control [redacted] Distri[redacted] through a "golden share," and [redacted] also insisting that [redacted] unspecified [redacted] in [redacted] company – probably between 10 and 25 per cent – is floated on the Brussels stock exchange.

The government will retain ownership of certain other SNI-NIM holdings, including [redacted] per cent stake in Sabena, the [redacted] airline.

British Gas, [redacted] and Bayernwerk of Germany, and Con[redacted] the oil [redacted] subsidiary of DuPont of the US, had made [redacted] rival [redacted] for Distrigaz, and BASF, the German [redacted] group, [redacted] expressed a sepa[redacted] interest in Distrigaz shares.

Instead, the 50 per cent stake will be sold initially by Acker[redacted] Tractebel, [redacted] quoted Belgian utilities [redacted] which owns [redacted] further 33 per cent of the [redacted] company. Apart from the stock market flotation, [redacted] also promised to cede small [redacted] in Distrigaz [redacted] regional [redacted] companies in Belgium. The remaining 17 per [redacted] Distrigaz [redacted] by Shell.

The government [redacted] it hoped to conclude [redacted] with Ackermans by the end of the month, [redacted] then seek Euro[redacted] Commission approval for the sale.

Apart from its [redacted] holdings, SNI-NIM's main investments [redacted] in financial companies, transport and engineering groups.

Politically and financially, the disposal of SNI-NIM [redacted] the [redacted] complex of the planned privatisations. [redacted] year, the government [redacted] sell half of CGER-ASLK, the state-owned [redacted] bank [redacted] insurance branches, [redacted] Fortis, the Dutch-Belgian financial [redacted] group, for BFr35bn.

Olivetti seeking L2,000bn to expand

By Robert Graham in Rome

Olivetti, the Italian computer [redacted] is seeking shareholder approval [redacted] raise up [redacted] L2,000bn ($1.17bn) in fresh funds [redacted] growth and investment, especially in telecommunications and multimedia [redacted].

The decision to [redacted] money was taken on Friday at a board meeting presided [redacted] by Mr [redacted] Benedetti, [redacted] chairman. In June, Olivetti raised L902bn [redacted] this [redacted] primarily intended [redacted] the group's losses, which for 1993 [redacted] expected to [redacted] the order [redacted] L400bn–450bn.

By contrast, [redacted] the fresh call [redacted] advantage [redacted] investment opportunities in the [redacted] evolving [redacted] and [redacted] sectors. The decision [redacted] just [redacted] preliminary [redacted] closed [redacted] contract [redacted] operate Italy's new Europe[redacted] standard GSM mobile phone network.

Olivetti [redacted] heading [redacted] the [redacted] consortia [redacted] most likely [redacted] win [redacted] contract. The consortium, Omnitel, in [redacted] 51 per cent stake and includes Bell Atlantic and [redacted] Telecom, recently [redacted] its capital [redacted] L200bn. But industry analysts believe this would [redacted] increased further if Omnitel [redacted] win [redacted] contract.

The Ivrea-based computers group [redacted] also given [redacted] fore[redacted] of its 1993 performance, saying group [redacted] 7.3 per [redacted] L8,610bn, [redacted] the level [redacted] 1990.

Tonen chief resigns over clash with US partners

By William Dawkins and Michiyo [redacted] in Tokyo

A clash of [redacted] and Japanese management approaches has led to [redacted] resignation of the head of Tonen, a Japanese oil refiner partly owned by Exxon and Mobil.

Mr Nobuyuki Nakahara, Tonen president, is to resign at the end of March, Tonen announced yesterday. It is understood that his departure is due [redacted] differences [redacted] recent large dividend increases requested by the [redacted] partners.

Exxon and Mobil, which each hold 25 per cent of Tonen's shares, [redacted] alleged to [redacted] joint positions to obtain board agreement [redacted] dividends [redacted] other important matters, [redacted] as capital spending.

The remainder of the equity [redacted] split [redacted] a [redacted] Japa[redacted] institutions, speaking for an estimated 40 per cent of the equity, and private investors.

Tonen and its US partners have denied there [redacted] a dispute. Mr Nakahara was leaving because "he wanted to become free to pursue personal interests," said Tonen. This is an unusual reason for [redacted] Japanese management resignation.

Mr Nakahara will stay on [redacted] honorary chairman, [redacted] symbolic position, and be replaced [redacted] president by Mr Tamehiko Tamahori, who currently heads [redacted] Tonen subsidiary and [redacted] the backing of the US shareholders.

The contrast between [redacted] and Japanese approaches first became apparent when Tonen nearly doubled the 1992 payout to Y50 per share, easily exceeding earnings of Y28.7 per share.

That attracted attention in Tokyo, because the payout of 174 per cent of 1992 earnings, represented just over 4½ times Japanese companies' average dividend of about [redacted] per cent of earnings that year.

Tonen's Japanese management at the time said Mobil and [redacted] had requested the increase and [redacted] they would have preferred to bolster capital investment reserves.

However, the dividend increase [redacted] agreed unanimously by the board, said Mr Haruo Gotoh, manager of [redacted] Sekiyo, Exxon's Japanese unit. The 3 per cent yield on Tonen's shares is still low by [redacted] UK standards, he said.

The [redacted] partners successfully obtained an increase in the interim payout from Y12.5 [redacted] share to Y20, and have pushed for a maintained [redacted] dividend.

The dividend is likely to be uncovered by earnings again, despite [redacted] sharp rise in profits from Y32.77bn [redacted] a market esti[redacted] of Y38bn.

However, Tonen's balance sheet is strong, with debts of just under 51 per cent of shareholders' capital.

Winterthur to expand in Germany

By Ian Rodger in Zurich

Winterthur Insurance, Switzerland's third largest insurer, [redacted] buy [redacted] minority [redacted] in DBV Holding, an insurance unit of Germany's [redacted].

Both Winterthur [redacted] Commerzbank have scheduled [redacted] for Monday morning. [redacted] last week it hoped to announce during January a restructuring [redacted] non-banking [redacted]. Winterthur said yes[redacted] would [redacted] "a very important expansion of its insurance business".

DBV, with insurance premium income of approximately [redacted] ($2.03bn), was [redacted] by the King of Prussia in [redacted] provide insurance cover [redacted] military. It [redacted] expanded [redacted] cover [redacted] vants, taking [redacted] name [redacted] Versicherung, and in the 1970s became [redacted] general [redacted] company.

The acquisition [redacted] second [redacted] in the German market. In 1987, it bought a 38 [redacted] cent stake in Nordstern Allgemeine of Cologne with [redacted] intention [redacted].

However, Colonia, a German affiliate of [redacted] insurance group, [redacted] its majority control [redacted] Nordstern, [redacted] eventually gave [redacted] and sold [redacted] stake.

Kaufhof seeks Horten control

By David [redacted]

Kaufhof Holding, [redacted] Cologne-based retailer, [redacted]ing to acquire majority control [redacted] Horten, the [redacted] which [redacted] Germany's fourth largest department [redacted] chain.

According to [redacted] Reuter news agency, the Federal Cartel [redacted] in Berlin, Germany's competition authority, [redacted] received [redacted] application [redacted] move, which will mean further [redacted] in the German department store sector.

It [redacted] acquisition [redacted] Hertie, the third largest department [redacted] in Germany, by Karstadt, [redacted] biggest, a transaction announced in November last year. This [redacted] gave [redacted] speculation that [redacted] counter [redacted] from [redacted] arch rival by increasing [redacted] existing [redacted] per cent [redacted].

[redacted] is thought likely that [redacted] will [redacted] buy [redacted] 36 [redacted] cent [redacted] Horten owned by [redacted] Landesbank, [redacted] Düsseldorf-based public sector bank, [redacted] buying stakes [redacted] by other large [redacted].

The acquisition will mean further expansion for the Metro Group, the privately-owned [redacted] retailing [redacted] which [redacted] Kaufhof as well [redacted] Asko Deutsche Kaufhaus, another [redacted] Germany's largest retailers.

Although the [redacted] is under[redacted] in [redacted] Hertie/Karstadt fusion, it [redacted] of [redacted] Kaufhof's [redacted] strategy of concentrating expansion [redacted] the specialty retailing segment [redacted] market.

The department [redacted] the decline in [redacted] consumer spending [redacted] well [redacted] the specialty segment.

AGF appoints banker to board

By David Buchan in Paris

Assurances Générales de [redacted] (AGF) [redacted] appointed [redacted] Jeancourt-Galignani [redacted] its board of directors.

This is seen [redacted] paving [redacted] way for his likely appointment [redacted] Wednesday by [redacted] government [redacted] presidency [redacted] state-controlled insurance [redacted].

The 57-year-old banker, [redacted] heads Banque Indosuez, had already been widely [redacted] to [redacted] Mr Michel Albert, who, after more than [redacted] decade [redacted] the president [redacted] insurance group, was [redacted] month named to the new, [redacted]pendent monetary policy committee set up to [redacted] Bank of [redacted].

Dow Corning puts cost of litigation [redacted] $1.24bn

[redacted] Richard Waters [redacted] York

Dow Corning, the [redacted] biggest manufacturer of breast implants, [redacted] yesterday that it expected [redacted] share of [redacted] industry-wide settlement of litiga[redacted] over leaking implants [redacted] reach $1.24bn.

The company, [redacted] joint ven[redacted] between Dow Chemical and Corning, said that $600m of this would be met by insurance companies, leaving it with [redacted] pre-tax charge [redacted] $640m, or [redacted] tax, for [redacted] fourth quarter of 1993.

[redacted] of [redacted] potential [redacted] Corning may not be [redacted] continue without support from its two own[redacted].

The company [redacted] yesterday, though, that [redacted] be able [redacted] "meet ongoing operational needs," provided [redacted] expected payments from [redacted] received and [redacted] "evaluation [redacted] current financing arrangements" [redacted] future business prospects proved correct.

Yesterday's announcement came as Dow Corning and other implant manufacturers, including [redacted] and Bristol-Myers Squibb, continue [redacted] negotiate over [redacted] to [redacted] them [redacted] of [redacted] tentative [redacted] industry-wide [redacted].

This [redacted] still to [redacted] by the courts.

Amtrak admits losing $33 on every ticket

By [redacted] in [redacted]

Amtrak, the heavily loss-making operator of US [redacted] train services, [redacted] a [redacted] year [redacted] the yawning [redacted] between [redacted] and [redacted] widening still further [redacted] $731m [redacted] 1993, [redacted] annual report shows.

The state-owned corporation [redacted] performed poorly in getting [redacted] their des[redacted] time, with only 79 per [redacted] of [redacted] short-distance [redacted] per [redacted] of its long-distance services arriving punctually.

Although [redacted] number [redacted] carried [redacted] from 21.3m [redacted] 22.1m, [redacted] of $1.4bn were far [redacted] by expenses of $2.1bn, [redacted] the result [redacted] Amtrak lost $33 for every [redacted] sold.

The [redacted] also brought the [redacted] in [redacted] history when the [redacted] express [redacted] Los Angeles [redacted] Miami plunged [redacted] in September, killing [redacted] people.

Technically known as [redacted] National Railroad Passenger Corporation, Amtrak [redacted] set [redacted] by the federal government in 1971 to run the nation's loss-making passenger train services.

These had previously been operated by the private railroad companies, which now concentrate [redacted] their profitable freight operations and continue [redacted] the tracks.

Amtrak [redacted] expected [redacted] reach [redacted] position where [redacted] least covered [redacted] operating costs, but has proved unable to compete with air or road transport for speed [redacted] convenience and [redacted] continued [redacted] rely on federal support for [redacted] survival.

The annual report shows that the corporation is due [redacted] receive $771.7m in federal funds this year, of which [redacted] earmarked for operating [redacted] and [redacted] for capital spending. But [redacted] sums are unlikely to reverse [redacted] steady decline in Amtrak's physical assets, which are [redacted]ing more rapidly than [redacted] corporation can [redacted] to replace them.

AT&T [redacted] take charge against 1993 earnings

By [redacted] in New [redacted]

American Telephone [redacted] Telegraph said yesterday that it would take [redacted] non-cash, after tax charge of [redacted] $1.3bn against [redacted] earnings because of a change in the accounting treatment of certain benefits [redacted] employees after they leave the company.

However, it said that, excluding [redacted] charge and costs for [redacted] previously announced restructuring programme [redacted] its [redacted]puter subsidiary NCR, fourth-quarter net income [redacted] expec[redacted] be about $1.15bn, or [redacted] share, in line with analysts' estimates.

The accounting change, which all companies must adopt by the fiscal first quarter of 1994, means separation pay[redacted] must be expensed as they accumulate [redacted] employees' working lives, rather than booked as they are [redacted]. Also, disability payments have [redacted] be expensed when the disability [redacted] rather than [redacted] payments are made.

Bombardier [redacted] raise C$210m

Bombardier, the aerospace group, is raising [redacted] (US$157.8m), [redacted] working capital, [redacted] public offer [redacted] 10m [redacted] common shares at C$21.875 a [redacted]. [redacted] underwriting group is led by [redacted] Robert [redacted] in [redacted].

The new equity [redacted] will [redacted] a [redacted] per cent dilution [redacted]tor, analysts said.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Friday January 14, 1994. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

		£ STG	[redacted]	D-MARK	[redacted]
Afghanistan	(Afghani)	2721.48	1824.05	[redacted]	[redacted]
Albania	[redacted]	163.845	109.808	62.7325	88.7434
Algeria	[redacted]	[redacted]	[redacted]	13.7594	[redacted]
Andorra	(Fr Fr)	8.8573	[redacted]	3.385	5.344
	(Sp Peseta)	215.265	[redacted]	82.4208	129.733
Gambia	[redacted]	12.6118	8.3853	4.7904	[redacted]
[redacted]	[redacted]	2.6118	1.7504	1	[redacted]
Ghana	(Cedi)	1209.47	[redacted]	[redacted]	726.904
Gibraltar	(Gib £)	1.00	0.6701	[redacted]	0.6026
Greece	(Drachma)	378.084	251.357	[redacted]	226.037
[redacted]	[redacted]	41.9587	[redacted]	17.2923	27.1568
Panama	(Balboa)	[redacted]	1	0.6712	[redacted]
Papua New Guinea	[redacted]	1.4546	0.975	0.557	0.8767
Paraguay	(Guarani)	2678.12	[redacted]	1025.33	[redacted]
Peru	[redacted]	[redacted]	2.1719	1.2407	1.953

Special Drawing Rights January 13, 1994 United Kingdom £0.916427 United States $1.37195 Germany D Mark2.38898 Japan Yen154.076 European Currency Unit Rates January 14, [redacted] United Kingdom £0.743161 United States $1.10771 Germany D Mark 1.94237 Japan Yen123.336.

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate; (j) Business rate; (k) Buying rate; (l) Luxury goods; (m) Market rate; (n) Public transaction rate; (o) Official rate; (p) Preferential rate; (q) convertible rate; (r) Parallel rate; (s) Selling rate; (t) Tourist rate; (u) Currencies fixed against the US Dollar; (v) Floating rate; (x) CFA 655 to the £ in the Rouble Zone. (1) Yugoslav Dinar rate n/a. ¹CFA Franc revalued from 50 to the FFr to 100 to the FFr.

Some data derived from THE WM/REUTERS CLOSING SPOT RATES & Bank of America, Economics Department, London Trading Centre. Enquiries: 071 634 4360/5, Friday, January 14, 1994.

THE WEEK AHEAD

UK COMPANIES

■ TODAY
COMPANY MEETINGS:
Bridport-Gundry Chartered Accountants Hall, Moorgate Place, London 12.00
Dunton Group [redacted] High St. Chesham 10.00
Haemocell Georgeson [redacted] Co. 10th Floor, [redacted] Hse., 119 London [redacted] E.C. 10.45
Ramus Hldgs. [redacted] Broad St. Hse., 35 [redacted] Broad St. E.C. 10.00
[redacted] MEETINGS:
Finals:
Denmans Electrical
Soundtracs
Interims:
Abtrust [redacted]
Aerospace Eng.
Carclo Eng.
[redacted]
Dalepak Foods
Northern Indl. Improvement Tst.
Peel Hldgs.

■ TOMORROW
COMPANY MEETINGS:
Dunedin [redacted] **Invs. Tst.** Dunedin Hse., 25 Ravelston Terrace, Edingburgh 12.00
Fairline [redacted] Barnwell Rd. Oundle, Peterborough 12.00
McCarthy [redacted] Homelife Hse., [redacted] Road, Bournemouth 11.00
Rodime [redacted] George St., Glasgow. 11.00
Sanderson Electronics Grosvenor House Hotel, Park Lane, W. 12.00
[redacted] MEETINGS:
Finals:
Aberforth Smaller Co's
[redacted]
Central [redacted] **Auctions**
Everards Brewery
Heath (Samuel)
Hunterprint
[redacted]
Windsor
Interims:
Photo-Me
Stanley Leisure
YRM
[redacted]

■ WEDNESDAY
JANUARY 19
COMPANY MEETINGS:
Concentric Belfry Hotel, Litchfield Rd., [redacted] 2.30
Conrad [redacted] Stockport Rd., [redacted] 11.00
Group Development [redacted] **Tst.** [redacted] High Holborn, W.C. 12.00
M.Y.Hldgs. [redacted] Rd., Bagshot, Surrey 10.00
Widney [redacted] Lyonnais Laing, [redacted] Hse., 5 Appold St. E.C. 11.00
BOARD MEETINGS:
Finals:
City Site Estates
Davenport Vernon
London [redacted]
London [redacted] **Bank**
[redacted]
Interims:
[redacted] **Hunter**
Carpetright
Daejan
Division
Dunedin Japan Inv. Tst.
Electron House

■ THURSDAY
JANUARY 20
[redacted] MEETINGS:
BOC Group Savoy Hotel, Strand, W.C. 11.00
[redacted] Finsbury Ave. E.C. [redacted]
[redacted] **Plate** [redacted] Tst. Kightsbridge Hse., 197 Knightsbridge, S.W. 10.30
[redacted] **Hldgs.** [redacted] Hall, Village St., Edwalton, Nottingham 10.00
[redacted] MEETINGS:
[redacted]
Hill [redacted]
Interims:
AIM Grp.
Budgens
[redacted] **Packaging**
Hampson Inds.
[redacted]
Park Food
[redacted]
Whinney Mackay-Lewis
Wood [redacted]

■ FRIDAY
[redacted]
[redacted] MEETINGS:
Finals:
[redacted] **Property**
LPA
[redacted] **UK** [redacted] **Tst.**
[redacted] **Tst.**
[redacted] **Tst.**
Interims:
Brit. [redacted] **Agency**
[redacted]

Company meetings are annual general meetings [redacted] *otherwise* [redacted]
[redacted] Reports and accounts [redacted] not normally [redacted] until approximately [redacted] the [redacted] meeting [redacted] approve the preliminary results.

DIVIDEND [redacted] INTEREST PAYMENTS

■ TODAY
Allied Irish Banks [redacted] Bds. [redacted]
[redacted] Capital Fin. (Jersey) [redacted] Cnv. Cap. Bds. 2006 4.75p
Bellway 8p
Bradford [redacted] Bingley Bldg. Soc. FRN's [redacted] £151.03
[redacted] 0.5p
BZW Conv. Inv. Tst. 1.5p
Do. Equities Index. Uns. Ln. [redacted] 1.150968p
Capital [redacted] 4p
[redacted] Comms. 4.5p
Charter 7p
City of London PR 1.27p
Cook (DC) Hldgs. 0.3p
Dares [redacted] 10¼% 1st Mtg. Deb. 2012 £5.125
Grampian TV [redacted] 1.5p
Guinness 10⅝% Nts. [redacted]
[redacted] Bldg. Soc. 11% [redacted] Bnds. 2014 £1100
Do. FRN's [redacted] £151.3
Hazlewood Foods 2.4p
Do. 7½% (5¼% net) Ptg. Prf. 2.625p
[redacted] of [redacted] Uns. Ln. [redacted]
Do. [redacted] Uns. Ln. [redacted]
Perpetual 13.2p
Sainsbury (J) 3p
[redacted] Capital Corp. BV 4¼% Gtd. Cnv. [redacted] Ecu42.5
Treasury 2½% IL [redacted]
[redacted] Authorities Fin. [redacted] Gtd. [redacted] $412.5

■ TOMORROW
[redacted] FRN's [redacted] Y248,178
[redacted] Surrey Hldgs. 4.43p
Echlin Inc $0.175
[redacted] 7¼% [redacted] Deb. [redacted] £1.569178
Marston, Thompson [redacted] Evershed 1.6p
Merrydown 1p
[redacted] Inc $0.11
[redacted]
[redacted] Prf. [redacted]
Do. [redacted] prf. [redacted] B $0.4375
[redacted] Fin. [redacted] Gtd. FRN's [redacted] $1,022.57
Do. [redacted] Sp.Gtd. [redacted] $511.28
[redacted] 'A' 2.533p
[redacted] Equity Uts. $0.04718
Do. A.D.R. [redacted]
TGI 0.6p
[redacted] 10.5p

■ WEDNESDAY
JANUARY 19
Barings [redacted] Gtd. Fltg. [redacted] Cap. [redacted] 2001 [redacted]
Concentric 4.09p
Dawson Intl. 1.5p
[redacted] Radio Grp. 4p
National Power 3.75p
Northern Industrial Improvement Tst. 16p
[redacted] Kingdom 9¾% Exchequer [redacted]
Do. [redacted] Treasury Stk. 2006 £2.03
[redacted] Fargo Fltg. [redacted] Sub. [redacted] £92.64

■ THURSDAY
JANUARY [redacted]
[redacted] Bingley Bldg. Soc. 11⅝% Perm. Int. Br. £581.25
BSS Grp. 5.75p
[redacted] Worldwide Inv. Tst. 7.1p
[redacted] Grp. 1.25p
Fidelity European [redacted] 0.3p
[redacted] A.D.R [redacted]
Fuller, [redacted] Turner 2.52p
[redacted] Fund [redacted]
M [redacted] G Income Inv. Tst. Geared Units 1p
[redacted] Package Units 1p
Northern [redacted] Bldg. Soc. [redacted]

■ FRIDAY
JANUARY [redacted]
Anglo Irish [redacted] Corp IR2p
[redacted] And [redacted] Bk. Grp. A$0.10
[redacted] Evening [redacted] 4.25p
Drayton [redacted] Chip Tst. 2.905p
Henderson [redacted] Invs. 1.4p
Joe Hldgs. 2.875p
Latin American [redacted] Yield Fund. $0.275
[redacted] And Spencer 2.5p
[redacted] Und. Var. [redacted] Nts. $1,066.94
Nationwide Bldg. Soc. FRN's [redacted] £73.73
Do. FRN's [redacted] £74.04
Northern Rock Bldg. Soc. [redacted] £74.04
Okobank O.K. Var. Rate Sub. Nts. 2000 $100.31
Rexmore 1p
Rolfe [redacted] Nolan 2.805p
Rowlinson Secs. 0.24p
ShareLink Invs. Services 3p
United Kingdom 10¼% Exchequer Stk. 1995 [redacted]

■ SATURDAY
JANUARY 22
Sweden (Kingdom of) [redacted] Ln. Stk. [redacted] $67.50
[redacted] Kingdom [redacted] Exchequer [redacted] 1995 £6.00
Do. 4⅛% Ind. [redacted] Treasury Stk. 2030 £2.154
Do. 13¼% Treasury Loan [redacted]
Do. 11¾% Treasury [redacted] £5.875
Do. 14% Treas. Stk. 1996 [redacted]

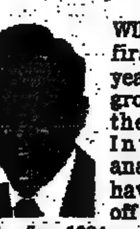
CONFERENCES & EXHIBITIONS

The Markets

THIS WEEK

Global Investor / Peter Martin

All together now for 1995



Will 1995 be the first strong year of global growth since the 1980s? Investment analysts who have written off the prospects for 1994 – continental Europe still stagnant, Japan still deflating, US and UK throttled back by tax rises – are starting to console themselves with the thought of the year after. "Most of us have forgotten what synchronous global growth is like," writes Maureen Allyn of Scudder, the US fund managers.

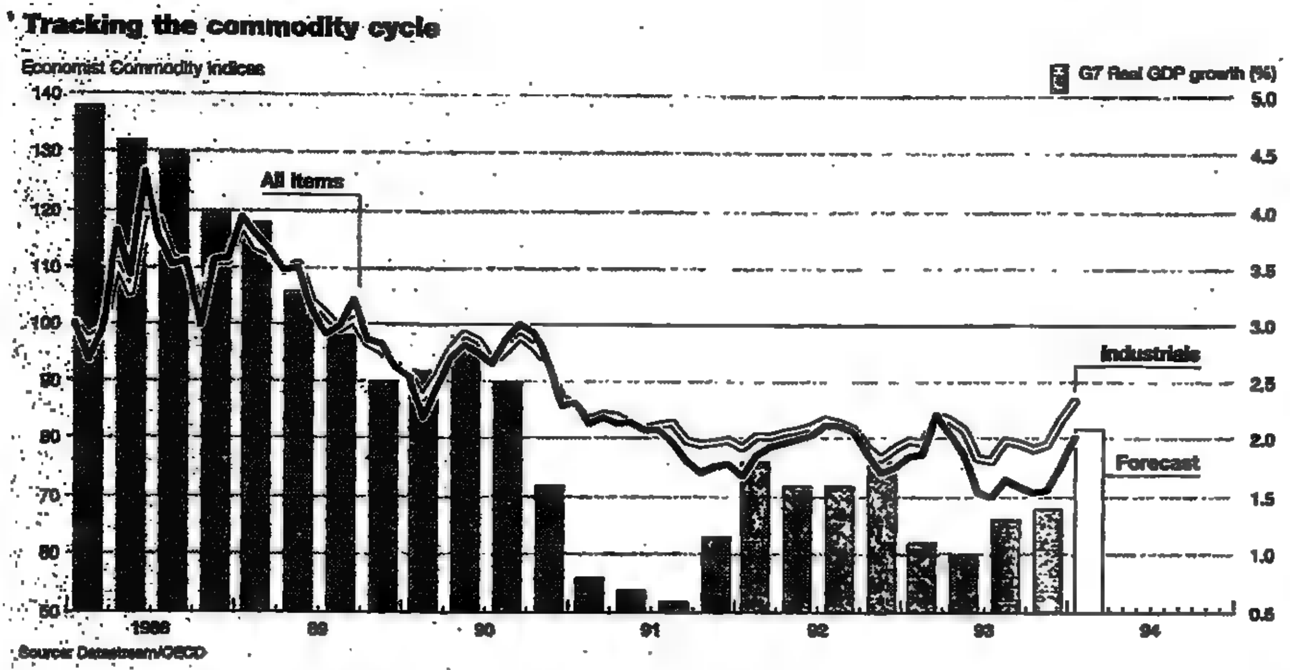
Amnesia is particularly common on the subject of commodity prices, partly because, as the chart shows, the uptick of developed country growth in early 1992 was accompanied by largely stable prices for industrial raw materials. However, just because commodity prices fell consistently between the summer of 1988 and the autumn of 1993 is no guarantee that they will stay down. Indeed, the pickup in raw materials prices in the fourth quarter of 1993 is one of the more unremarked developments of recent months.

Commodity prices are only one of the elements in global inflation, of course, and the rupture of the wage/price spiral in many countries means that even if there is a sharp rise in the cost of raw materials, it need not feed so rapidly into the general price level.

One other comfort is often cited, the downward pressure on prices stemming from the shift of manufacturing output to the Pacific Rim. This is "just plain wrong", argues Albert Edwards of Kleinwort Benson in London. In low-wage economies raw materials account for a far higher proportion of costs [redacted] in [redacted] high-wage [redacted] "Thus if commodity prices start rising," he says, "low-wage producers will [redacted] on these increases far more quickly."

A strong year worldwide in 1995 might pose some inflationary risks. For big international companies, however, it would [redacted] year since [redacted] when [redacted] by [redacted] in the developed world. If that thought becomes widespread, it would do something to justify the level at which stock markets are selling.

Tracking the commodity cycle



Source: Datastream/OECD

■ Germanic

The Germanisation of the UK money markets comes a step closer on Thursday when the Bank of England announces the terms of its first extended repo facility, allowing the Bank to supply funds to the money market on a more settled, longer-term basis than its current day-to-day activities. It will make its operating practices [redacted] of the [redacted]

[redacted] to innovate [redacted] rapidly will partly depend on [redacted] seriously it [redacted] for the City [redacted] Project written by [redacted] of the Financial [redacted] Group [redacted] the [redacted] of [redacted]

[redacted] that London's [redacted] is hampered by [redacted] volatility of short-term [redacted] rates, [redacted] in turn [redacted] from [redacted] Bank's [redacted] operating practices. [redacted] by the Bank's historic rivalry [redacted] clearing banks. It [redacted] than [redacted] tury since [redacted] stopped lending in competition [redacted] clearers, but [redacted] is still left with [redacted] folk memory of the preceding 200 years.

Nonetheless, in its tercentenary year, there are signs that the Bank is throwing off this legacy of [redacted] past. The new repo system is the logical extension of [redacted] post-1987 changes [redacted] money market which deprived the discount [redacted] of their unique access to [redacted] central [redacted] brought it, [redacted] last, [redacted] bilateral dealings with [redacted] clearers.

Now, [redacted] is undergoing a period [redacted] introspection [redacted] its internal organisation [redacted] support [redacted] core [redacted] monetary stability, systemic stability, [redacted] UK [redacted] a [redacted] centre. [redacted] response [redacted] Mr [redacted] recommendation [redacted] a further extension [redacted] repo system will indicate just how much weight it places [redacted] its priorities.

■ Re-integration

The death of [redacted] integration, discussed in [redacted] week, [redacted] ate its own contrarian antithesis. Boston Consulting Group has just published a note proclaiming a [redacted] of [redacted] integration, not in [redacted] wholly-[redacted] of [redacted] past, but [redacted] a partnership linking [redacted] supply chain into an integrated customer-focused system.

"One [redacted] group," says BCG, "is [redacted] (fibres), Spring Mills (fabric), [redacted] (children's apparel) [redacted]

"They [redacted] got together [redacted] defend themselves against imported clothing and began by sharing point of sale information. Later they started to co-operate in planning product-line introductions. The result [redacted] spectacular. Markdowns are a third of the industry average, gross profit margins rose throughout the past recession, and share of market has increased."

From an investment point of view, the new co-operators are [redacted] the companies profiting from dis-integrating. Just [redacted] spot.

■ Bloodletting

The [redacted] anniversary [redacted] upon us of a remarkable week [redacted] corporate bloodletting [redacted] A [redacted] days in [redacted] January [redacted] resign [redacted] Paul Lego leave [redacted] Westinghouse, and [redacted] Rob-[redacted] the [redacted] step [redacted] door [redacted] American Express.

[redacted] just getting under way, will give [redacted] first [redacted] opportunity [redacted] judgment on [redacted] performance of the departing [redacted] In [redacted] opportunity, reaction [redacted] mixed. Westinghouse, for example, has consistently underper-[redacted] US [redacted] change [redacted] management. [redacted] Express initially [redacted] performed [redacted] has [redacted] downwards in relative [redacted]

IBM, [redacted] spectacular [redacted] in trouble, initially [redacted] comparatively poorly but has outperformed since December. [redacted] a year [redacted] IBM [redacted] dividend [redacted] shares [redacted] selling for [redacted]

Analysts are starting to [redacted] IBM's prospects. [redacted] turn [redacted] opinions [redacted] buying. There are still just as many pros as there are cons, however.

[redacted] plus [redacted] Louis Gerstner's decision, a few months [redacted] taking [redacted] chairman, to undo the [redacted] decentralisation planned by [redacted] Akers. IBM is [redacted] global, full-line computer [redacted] it is nothing. Splitting the company up [redacted] Akers planned [redacted] destroyed this precious asset. Other pluses [redacted] the [redacted] tighter focus [redacted] costs, [redacted] move [redacted] unifying technology (the chips designed [redacted] the PowerPC, which may eventually [redacted] all [redacted] range), [redacted] to exploit [redacted] single advantage, [redacted] of existing computers, by listening [redacted] closely to customers' [redacted] plaints.

Against [redacted] is [redacted] vulnerability of [redacted] mainframe business, [redacted] which IBM's profitability still depends; [redacted] history of [redacted] development, with promising innovations delayed by internal competition and the worldwide duplication of bureaucracies and facilities.

Tackling this last weakness will [redacted] in [redacted] of cuts in Europe which have already affected IBM's US operations, which will weaken [redacted] hold on its European customers [redacted] ability [redacted] present [redacted] model corporate citizen.

Conclusion: [redacted] long-term prosperity [redacted] not assured, but in [redacted] run investors may take the opportunity of any favourable earnings [redacted] to re-[redacted] company's shares. Slightly further out, much hangs [redacted] Europe, where the computer-downsizing trend is not yet [redacted] well-established [redacted] in [redacted] US. As Europe [redacted] from recession, IBM will be hoping for a few [redacted] lucrative mainframe years there. That might be the breathing space [redacted] Gerstner [redacted]

Total return in [redacted] currency to 13/1/94

	US	Japan	Germany	France	Italy	UK
	[redacted] change over period					
[redacted]						
Week	[redacted]	[redacted]	0.12	0.13	0.16	0.10
Month	0.28	[redacted]	[redacted]	0.56	[redacted]	0.47
Year	3.81	3.47	7.44	9.50	12.44	[redacted]
Bonds 3-5 year						
Week	0.57	[redacted]	-0.09	0.18	0.19	-0.09
Month	0.92	-0.12	0.52	1.15	1.64	-0.14
Year	9.09	10.55	[redacted]	17.50	27.41	12.86
Bonds 7-10 [redacted]						
Week	1.06	-0.11	[redacted]	0.56	0.13	-0.35
Month	1.28	0.69	1.06	[redacted]	2.12	0.39
Year	13.64	14.89	18.45	[redacted]	[redacted]	20.26
Equities						
Week	1.2	1.9	-2.6	-0.3	-0.3	-0.9
Month	1.6	2.2	-0.7	4.3	0.5	4.4
Year	11.6	19.5	43.7	[redacted]	[redacted]	29.3

[redacted] performing stocks from FT-A World Indices in local currency to 13/1/94

	[redacted]	% change Week	Month	Year
Playmates Property	3.10 HK$	50.8	67.4	77.2
Hanwa	730 Y	40.4	-16.2	-47.9
Nippon [redacted]	655 Y	[redacted]	[redacted]	33.4
Sakanska	[redacted]	22.8	34.5	182.5
Tattinger	2,910 FF	20.5	[redacted]	35.3
CEPSA	2,910 Pt	20.0	15.0	7.4
Aalborg [redacted]	650 [redacted]	19.2	12.4	63.9
[redacted]	1,000 Y	19.0	-10.7	0.3
Crean, [redacted]	[redacted]	18.9	10.5	13.7
[redacted]	72.5	18.9	[redacted]	24.7

[redacted] Cash & Bonds - Lehman [redacted] Equities - © NatWest [redacted]
The FT-Actuaries World Indices are jointly owned by The Financial Times Limited, Goldman Sachs & Co., and NatWest Securities Limited.

Economic Eye / Edward Balls

Unstable foundations of the Chinese economic miracle

Arriving in today's China is a shocking experience. Even the most experienced Sino-travellers marvel at the pace of economic development in Chinese cities and the enthusiasm with which urban dwellers are embracing the trappings of capitalist societies.

For Lloyd Bentsen, the US treasury secretary who lands in Beijing on Wednesday, having spent last week in Moscow, the signs of economic dynamism will look even more sparkling. A week in Moscow is enough to convince anyone that there are no easy solutions to Russia's economic difficulties. China, by contrast, is in the seemingly enviable position of having too much growth rather than too little.

After fifteen years of market-orientated reform in which economic growth has averaged nearly 10 per cent a year, the assumption built into most scenarios of the coming decade is that China's economic miracle will continue. Certainly the large number of foreign companies who have poured into China over the past three years believe so. So does the World Bank. Last year's report on the economic prospects for developing countries estimated that, by the beginning of the next decade, China's economy (properly measured) would be larger than that of the US.

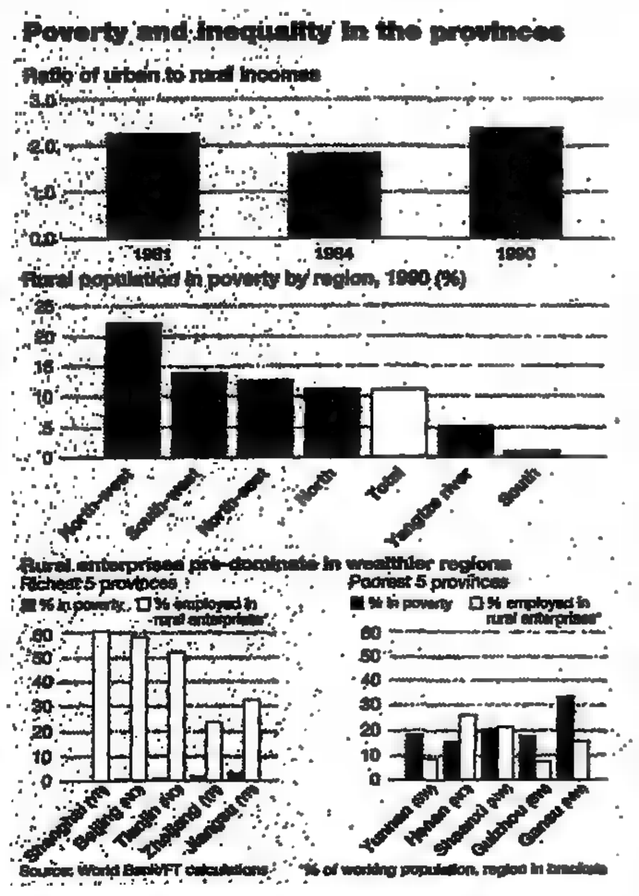
However will the past turn out to be as reliable a guide to the future as many investors seem to hope? Perhaps. But it is also possible to construct a scenario in which China's economic success story goes decidely sour. Like Russia, China suffers from a number of post-planning hangovers – inequality and under-employment, growing regional tensions and a decline in central authority – which could yet undermine its prospects for the decade ahead.

It is easy for the foreign visitor to be fooled by a city-hopping trip to China. Travelling by train rather than aeroplane quickly reveals that the vast mass of rural China remains poor and undeveloped. The percentage of the population which now lives in poverty has fallen from 33 per cent in 1970 to 9 per cent in 1990. But 100m Chinese are still living in absolute poverty, many of whom are under-employed farmers. The Chinese government estimates that 130m of the total 333m agricultural labour force is surplus to requirements, a figure which could reach 200m by the end of the decade.

The income gap between urban and rural populations, after narrowing in the early 1980s, is growing again, as the upper chart shows. But it is regional differences in growth and poverty which hint at the underlying threat to China's economic future. Poverty rates are much higher in the northern and western regions, far from the coastal growth centres. In these regions, rural manufacturing enterprises employ a much smaller [redacted] of [redacted] rural [redacted]

The [redacted] ought to provide an easy mechanism for easing the political tensions that regional inequalities on this scale can throw up by mass migration of rural work-[redacted] urban [redacted] in the richer provinces. [redacted] in China, legal inter-provincial migration [redacted] strictly [redacted] in order [redacted] maintain "social stability". This, translated, [redacted] that the central government [redacted] affluent provincial governments [redacted] to stop [redacted] they [redacted] would [redacted] a socially explosive flood of [redacted] workers into [redacted] But sporadic rural [redacted] and [redacted] large [redacted] illegal rural migrants in China's main [redacted] attempt [redacted] bottle-up the problem is not succeeding.

Poverty and inequality in the provinces



Source: World Bank/FT calculations   *% of working population, region in brackets

Alternatively, the central government [redacted] use [redacted] spread the fruits [redacted] growth [redacted] widely. But in China, [redacted] in [redacted] other [redacted] communist states, [redacted] revenue has dropped sharply in [redacted] past decade. Within this declining total, the [redacted] of [redacted] central government retains [redacted] from 60 [redacted] early [redacted] by the end [redacted] the [redacted] richer and progressively [redacted] powerful provinces have become increasingly unwilling [redacted] to the centre. The [redacted] government's new value-added [redacted] supposed [redacted] solve this problem. It will only succeed if increasingly unco-operative, [redacted] corrupt, provincial [redacted] are willing [redacted] collect and [redacted] on the revenues.

[redacted] the power of the [redacted] has weakened, so its ability to [redacted] has also [redacted] The fall in [redacted] *[redacted] undermined* [redacted] policy [redacted] a macroeconomic policy [redacted] for [redacted] government. Provincial governments have also [redacted] over [redacted] local [redacted] of [redacted] central bank, thereby undermining [redacted] monetary control. [redacted] result [redacted] been [redacted] sively [redacted] boom-bust cycles of rapid growth followed by accelerating inflation.

Meanwhile, as total [redacted] have fallen, [redacted] monetary policy [redacted] main [redacted] financing [redacted] to loss-making [redacted] enterprises. According [redacted] by Professor Jeffrey [redacted] of Harvard University, [redacted] consume 10 per cent [redacted] GNP. So far they have not [redacted] inflationary largely [redacted] willingness [redacted] the Chinese public [redacted] build-up [redacted] savings in [redacted] deposits. But [redacted] rapid growth of street-side [redacted] of shares suggest [redacted] public's toleration for money savings [redacted] dwindling.

In short, [redacted] destabilising acceleration in inflation [redacted] growing. [redacted] a paradox. [redacted] success [redacted] further [redacted] tralised [redacted] development [redacted] increasingly dependent on [redacted] re-centralisation of economic power [redacted] control inflation [redacted] of growth. [redacted] industrial output and inflation are both still accelerating, despite [redacted] tral government's campaign to [redacted] year, [redacted] that [redacted] softly softly approach to re-establishing central economic control [redacted] working. A return to more repressive [redacted] government, [redacted] a stalling of [redacted] and economic growth, [redacted] be [redacted] only [redacted] force [redacted] richer provinces [redacted] recognise [redacted] this [redacted] rapid growth in China [redacted]

WORLD BOND MARKETS: This Week

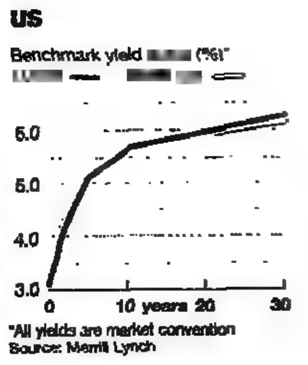
NEW YORK — Richard Tomkins

Prices of Treasury notes and bonds [illegible] series of blows at the end [illegible] as the [illegible] took fright [illegible] a [illegible] straight day [illegible] strong economic news.

Thursday had already seen the benchmark 30-year Treasury bond shed almost a point in response [illegible] stronger than expected growth [illegible] consumer spending.

Then on Friday, it lost nearly half a point more when the Federal Reserve reported that industrial production had jumped by [illegible] per cent in [illegible] compared with expectations of a figure [illegible] per [illegible].

After that, the coming week should look relatively tame. For a start, [illegible] market is closed today [illegible] Martin Luther King Memorial Day – and [illegible] the week is likely [illegible] mark a hiatus after last week's activity as [illegible] in [illegible] for [illegible] the key data for January employment, [illegible] out [illegible] February 4.



*All yields are market convention
Source: Merrill Lynch

That said, the market will not [illegible] left without some data [illegible] chew over. The figures for November's trade deficit are expected to show a slight shrinkage [illegible] October's $10.5bn [illegible] Wednesday.

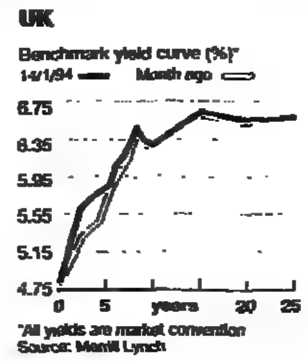
On Thursday, [illegible] housing [illegible] show [illegible] slight fall from November's 1.43m and new filings for unemployment claims [illegible] expected to [illegible] at [illegible] in the week ended January 15.

LONDON — Philip Coggan

The gilts market will probably concentrate on this [illegible] economic statistics for [illegible] inflation, [illegible] expectations of an imminent base rate cut [illegible] to have receded. [illegible] Fellner, gilts strategist [illegible] NatWest Markets, said the figures would be looked at for any signs [illegible] might [illegible] "the [illegible] expectation of non-inflationary growth".

The December retail prices index along with retail [illegible] figures [illegible] due out on Wednesday. Traders expect retail [illegible] growth to [illegible] strong, in the wake [illegible] M0 figures, and the fact that December [illegible] figure will drop out of the index.

Analysts [illegible] figure [illegible] pick [illegible] from [illegible] 1.4 [illegible] cent, probably [illegible] an annual [illegible] of [illegible] per cent, as mortgage rate [illegible] in [illegible] drop [illegible] and Budget [illegible] petrol [illegible] in. The underlying rate, which excludes mortgage payments,



*All yields are market convention
Source: Merrill Lynch

[illegible] rise [illegible] annual 2.7 [illegible].

The [illegible] will reveal more [illegible] on Tuesday of its auction of [illegible] stock, scheduled [illegible] January 26. [illegible] expects [illegible] issue [illegible] raise £3bn, have [illegible] maturity of 2010, [illegible] yield 6.5 per cent. [illegible] relieved [illegible] for longer-dated stock, [illegible] would have suggested the [illegible] long gilt yields had [illegible] bottom.

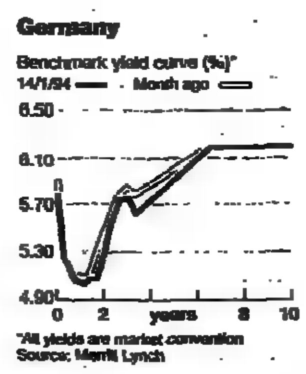
FRANKFURT — David Waller

As Bundesbank president Mr Hans Tietmeyer said on Friday last week, German interest rates [illegible] stay at current levels "for longer than necessary".

[illegible] long [illegible] will [illegible] open, [illegible] remarks [illegible] speculation [illegible] German central bank [illegible] deliver [illegible] long-awaited [illegible] cut on Thursday, when [illegible] policy-making council [illegible] meeting of [illegible] year.

[illegible] of the meeting, investors' attention will be focused on currency developments. The D-Mark's [illegible] against the [illegible] helped drive bund prices [illegible] sharply on Friday and investors [illegible] of [illegible] strengthening [illegible] economy – implying the [illegible] for higher rates in the US – as bad news for bunds.

It [illegible] currency considerations will restrict Mr Tietmeyer's [illegible] to ease [illegible] Lombard [illegible] discount rates from 6.75 [illegible] 5.75 per cent respectively, [illegible] if



*All yields are market convention
Source: Merrill Lynch

preliminary January inflation data (due towards the end of week) suggest a cut is justified on domestic grounds.

Even if the D-Mark remains [illegible] against the US dollar, economists said the Bundesbank would be unlikely to deliver more than a 0.25 per cent cut in the discount rate. There was scope for bund yields to drop from current levels in the first half of the year but the fall was not likely to be dramatic, they said.

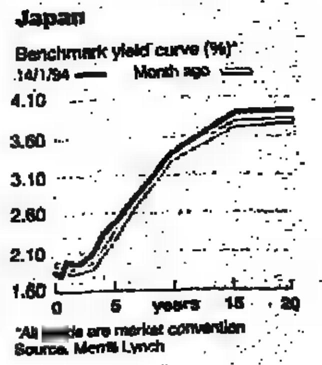
TOKYO — [illegible] Terazono

Concerns of oversupply caused by last Friday's announcement [illegible] the finance ministry would be selling government bonds outright [illegible] the first time in 11 [illegible] are expected [illegible] week.

[illegible] yield [illegible] No 157 10-year benchmark, which [illegible] up 11 [illegible] points at [illegible] high [illegible] 3.165 per [illegible] on Friday, [illegible] rise further as investors take profits on their positions.

The government, which usually sells bonds with repurchase agreements, [illegible] about Y900bn [illegible] fund the forthcoming economic support package. The MoF [illegible] Y800bn worth of bonds [illegible] repurchase agreements in 1978, [illegible] in [illegible] Y1,500bn [illegible] 1982 and [illegible] in 1983. The outright [illegible] Bank of Japan could start this week.

Meanwhile, hopes [illegible] a [illegible] have [illegible] strength on [illegible] The Nikkei [illegible] gained 4.7 [illegible]



*All [illegible] are market convention
Source: Merrill Lynch

[illegible] on [illegible] buying by foreign investors, and analysts expect fund [illegible] into Tokyo [illegible] if [illegible] continue to slide.

[illegible] are expected to [illegible] political developments this week. Prime Minister Morihiro Hosokawa [illegible] push [illegible] political [illegible] bill through [illegible] Wednesday. A delay in [illegible] upper house [illegible] further postpone the economic stimulus package, [illegible] to be announced Thursday.

Capital & Credit / Conner Middelmann

Dollar FRNs back in the limelight

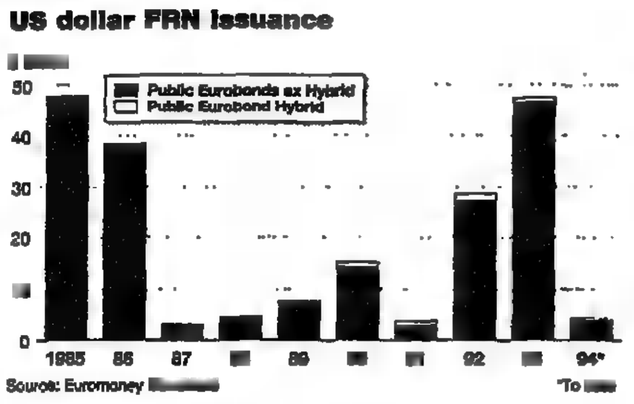
The dollar floating-rate [illegible] sector staged a [illegible] come-back [illegible] week [illegible] grow further in coming months, driven by growing investor demand.

Investors' [illegible] appetite for [illegible] dollar [illegible] largely reflects fears [illegible] continues [illegible] Federal Reserve will tighten monetary policy [illegible] forestall a resurgence [illegible] inflation.

"Investors [illegible] beginning [illegible] feel [illegible] move in [illegible] inter- [illegible] will be up, which [illegible] there's a special [illegible] tion in holding floating-rate instruments," [illegible] syndicate official.

"We have seen [illegible] major reallocation of funds from fixed- [illegible] into floating-rate paper," added another.

Last week's highlight in [illegible] FRN sector [illegible] Canada's [illegible] five-year issue, [illegible] of three-month Libor minus 25 basis points. Although [illegible] deal [illegible] considered [illegible] aggressively priced, it met with solid [illegible]. Total [illegible] issuance last week [illegible] to some [illegible].



Source: Euromoney [illegible]

"After last week, it's fair [illegible] say the FRN market is back," said [illegible] senior London banker.

The FRN market slumped in 1986 after the perpetual floating-rate [illegible] sector crashed: in [illegible] aftermath of the sell-off, issuance [illegible] to [illegible] trickle and [illegible] market [illegible] illiquid.

Only in [illegible] last two years has it managed to get back on its feet and enjoy growing [illegible] ularity [illegible] investors.

Analysts at Kidder Peabody cite several reasons for [illegible] market's recovery. For one, innovative structures, such [illegible] so-called collared floating-rate notes (where [illegible] range is limited by [illegible] floor rate and [illegible] ceiling rate) have enabled issuers to achieve sub-Libor funding through floating-rate products.

Furthermore, volatility in European currency markets, amid uncertainty [illegible] European Monetary Union, [illegible] attraction of US dollar floating rate securities [illegible] haven investment, [illegible] analysts note.

Lastly, they point [illegible] tight [illegible] spreads have [illegible] arbitrage opportunities, making it [illegible] difficult for borrowers to issue fixed-rate and [illegible] into sub-Libor [illegible].

Most syndicate managers expect [illegible] substantial FRN issuance in coming weeks, partly because floating-rate [illegible] currently [illegible] offer comparatively cheap funding.

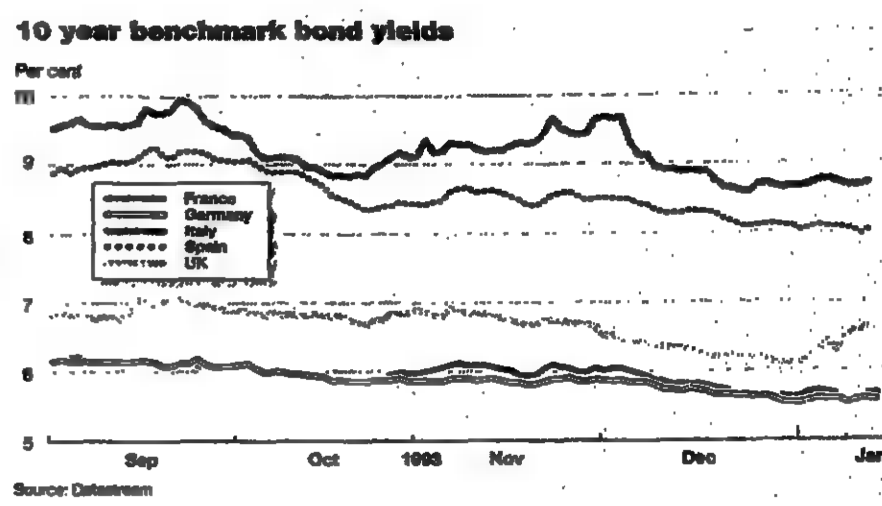
"The [illegible] has got [illegible] stage where it has become more cost-competitive [illegible] efficient for raising large size," [illegible] FRN trader, adding, "at the moment it tends [illegible] be cheaper [illegible] borrow floating-rate funds."

Moreover, floating-rate debt offers borrowers maximum flexibility [illegible] they can [illegible] a call option which [illegible] borrower [illegible] exercise if [illegible] funding [illegible] change. Canada, for example, included [illegible] option after [illegible].

[illegible] the US [illegible] in the global interest-rate cycle, [illegible] dollar sector is expected [illegible] dominate FRN issuance [illegible] coming months. But once rates are [illegible] have [illegible] Europe and Japan, issuance is also expected [illegible] pick [illegible] in sterling, D-Marks and yen.

Meanwhile, in the sterling sector, [illegible] £1.7bn in FRNs, [illegible] mostly by building societies, will be redeemed this year. Building societies, [illegible] to match their variable-rate [illegible] and assets, [illegible] natural FRN borrowers. A further £2.9bn of FRNs include call options [illegible] of them involve 5 per [illegible] coupon floors, observers [illegible] likely a substantial amount [illegible] be called [illegible] UK interest rates are [illegible] again.

"If base rates are cut to 5 per cent, Libor [illegible] probably [illegible] below that level, making an [illegible] a 5 [illegible] cent coupon rather expensive funding," [illegible] a syndicate manager. "The market [illegible] see quite [illegible] lot of [illegible] being withdrawn, some of which could [illegible] refinanced," especially [illegible] building [illegible] see an upturn in mortgage demand. [illegible]



Source: Datastream

INTEREST RATES AT A GLANCE

	[illegible]	Japan	Germany	France	Italy	UK
Discount	3.00	1.75	5.75	7.00[1]	8.00	5.50[2]
Overnight	2.88	[illegible]	6.00	6.43	8.25	5.81
Three month	3.03	2.09	[illegible]	6.18	8.25	5.30
One year	3.54	1.93	[illegible]	5.50	7.75	5.24
Five year	5.[illegible]	2.40	5.[illegible]	5.14	8.28	5.86
Ten year	5.73	3.17	[illegible]	6.29	8.67	6.33

(1) [illegible] rate. (2) UK-Base [illegible] Source: [illegible]

UK GILTS PRICES

'Tap' stock. †† Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds. Weekly percentage changes are calculated on a Friday to Friday basis.

Blow to Turkey's borrowing plans

Turkey's plans to tap the international [illegible] market [illegible] a blow last week when Moody's and Standard [illegible] Poor's, [illegible] two leading credit rating agencies, downgraded [illegible] country's debt rating.

Moody's [illegible] Turkey's foreign [illegible] rating to Ba1 from Baa3, which reduces it from investment [illegible] sub-investment grade. [illegible] of [illegible] borrowing rules affecting some US institutions, Turkey may find it [illegible] difficult to [illegible] its [illegible] Yankee bond market, the US market for foreign issuers. [illegible] could also impair Turkey's ability to raise debt finance in Europe and Japan.

Meanwhile, Standard & Poor's lowered Turkey's debt rating from BBB to BBB–, which keeps it just within the limit of [illegible] grade ratings.

According [illegible] treasury figures, Turkey's external debt, both public and private, stood at $59bn at the end of September, against $51bn at the start of 1993. However, with a spate of new issues before the year end, bankers estimate the figure is closer to $62bn.

Over [illegible] past [illegible] years, Ankara [illegible] looked increasingly to foreign debt to finance the current account and budget, at a time of high domestic interest rates. Shifting its borrowing from syndicated loans to bonds, it has been able to diversify its investor base and improve the maturity profile of its debt. Like other low-rated borrowers, Turkey offers [illegible] high-yielding [illegible].

However, Moody's decision [illegible] continuing [illegible] Turkey's large [illegible] account [illegible] and deteriorating budget picture. Although Moody's [illegible] improvements on tax reform, [illegible] state [illegible] sales, [illegible] further spending [illegible] and expects political concerns [illegible] force the government to [illegible] slow on [illegible] reform. The S&P downgrade also [illegible] "a [illegible] in combatting [illegible] fiscal deficit in 1993 and [illegible] a credible [illegible] deficit in the medium term".

[illegible] the Turkish [illegible] sury has announced [illegible] more [illegible] borrowing target, with plans [illegible] around $1.3bn [illegible] external financing needs.

In 1993, Turkey tapped Japanese, German and UK bond markets for close [illegible] $4bn. In addition, $3.8bn [illegible] project financing [illegible] been [illegible] Turkish public [illegible] enterprises and local municipalities.

Turkey issued a sterling bond for the first time in 1993 [illegible] this [illegible] looking at possible [illegible] in both the [illegible] and Spanish bond markets.

The [illegible] budget envisages $2bn in foreign debt [illegible] repayments. The current [illegible] is expected [illegible] come [illegible] slightly [illegible] $4.4bn, according [illegible] Treasury estimates, compared [illegible] a provisional [illegible] of $5bn in 1993.

John Murray Brown

NEW INTERNATIONAL BOND ISSUES

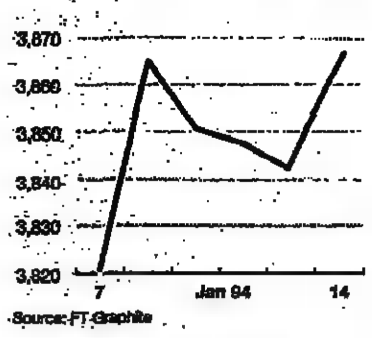
EQUITY MARKETS: This Week

NEW YORK

Patrick Harverson

Investors set aside concerns

Dow Jones Industrial Average



Source: FT Graphite

After last week's record-breaking gains, US share prices are likely to rise further this week as stock market investors continue to set aside concerns about high equity valuations and rising interest rates and concentrate on the promising economic and earnings outlook.

The Dow Jones Industrial Average [illegible] now well past 3,800, in spite of warnings from some analysts that there would be a lot of profit-taking when the average hit that record mark. That there was not much profit-taking – just a 20-point sell-off mid-week, which was quickly offset by a strong Friday rally – was primarily due to the consistently positive economic news that has been released recently.

That data has included a big rise in industrial output, sharply higher retail sales, and low consumer and producer price inflation. Investors have responded to the figures by investing in a range of stocks, but most notably in companies whose earnings are closely tied to the economic cycle. This explains why the Dow has outperformed other [illegible] lately.

Investors, however, have also been looking forward to some more solid improvements in corporate profitability. They should get [illegible] they want this week, when the fourth quarter reporting season begins in earnest.

Tomorrow will be the big day for the banking sector – [illegible] "Super Tuesday" of quarterly reporting. Citicorp, which last week issued a preliminary forecast of its October-to-December earnings that delighted investors, Chase Manhattan, Chemical Banking, and NationsBank are among the big banks unveiling their figures.

In the wake of Citicorp's upbeat prediction, and the recent strong numbers from J. P. Morgan, analysts are expecting a healthy round of results. Given that the sector has already rallied in anticipation of this, however, banks' earnings announcements might not prompt that much movement in sector share prices.

Also reporting on Tuesday will be Chrysler, and here too analysts are looking forward to some positive data. Yet, as with the banks, [illegible] have already discounted a good fourth quarter, so there may not be much of a reaction from Chrysler's stock. At times like these, companies can only disappoint the market, barring an extraordinary and unforeseen leap in profits.

The big oil companies will also begin reporting earnings this week, starting with Mobil and Texaco. Although oil prices have been [illegible] steadily for months, Wall Street is looking for some solid profits growth due in particular to buoyant earnings from companies' [illegible] "downstream", or refining and distribution, operations.

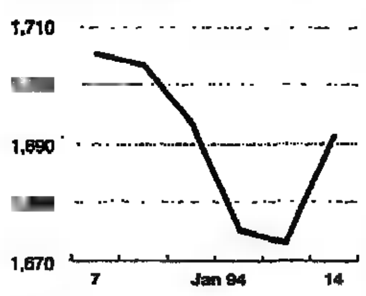
There [illegible] not much in the way [illegible] economic data due out this week, although Wednesday's trade figures should say something about how US exports have been [illegible] by the recent appreciation in [illegible]. The only other statistics of note will be December housing starts, which are due to be released on Thursday.

LONDON

[illegible]

[illegible] change in fundamental sentiment

FT-SE-A All-Share Index



Source: FT [illegible]

Few equity strategists at the leading UK securities firms appear to be seriously upset by the [illegible] panic over base rate prospects which has upset [illegible] stock market. And, since US influences also shared the blame for the sharp fall in the Footsie [illegible] the beginning of the week, it should be said that the US houses in London are still among the optimists when it comes [illegible] UK interest rates [illegible] inflation.

Lehman Brothers sees not one but two further cuts in base rates before the end of June, while Goldman Sachs predicts base rates [illegible] 4½ per cent in mid-year.

It would not be difficult to round up similar forecasts from strategists [illegible] UK broking and investment houses; BZW, raising its year-end [illegible] rate environment is better than expected". So perhaps [illegible] investors have been mistaking a bout of profit-taking for a fundamental change of sentiment.

Most European stock markets, and certainly London, became overheated before Christmas, and some form of correction [illegible] seen as [illegible]. But chartists of UK equities applauded [illegible] FT-SE Index bounced from the 3,350 support area on Thursday [illegible] by [illegible] of [illegible] week it seemed clear that [illegible] of the market agreed with them.

There are other reasons for believing that the stock market may yet show the 6 per cent gain traditionally recorded [illegible] January – this is around four times the average monthly gain for the rest of the year. Company results may at long last be showing the signs of benefit from economic recovery for which the market has been searching.

The banking [illegible] was impressed by [illegible] from TSB, which provided a sound platform for [illegible] trading figures due [illegible] this month from the [illegible] sector.

[illegible] sector, which is central [illegible] hopes [illegible] a strengthening in UK consumer spending. [illegible] looking [illegible] more positively after [illegible] Organisation [illegible] the implications of the rise in holiday bookings.

While analysts have [illegible] to keep ratings on [illegible] itself fairly restrained, in view of the range [illegible] activities, the holiday bookings [illegible] not [illegible] elsewhere. British Airways [illegible] favoured as [illegible] obvious beneficiary from the expected jump [illegible] holiday traffic which began [illegible] show [illegible] Christmas [illegible].

Cyclical stocks, including leisures [illegible] hotels, have significantly outperformed [illegible] the [illegible] year [illegible] is among [illegible] still sufficiently undervalued to warrant further investment.

Perceptions [illegible] current valuations on UK equities are generous has brought [illegible] repositioning by the institutions but their actions appear positive rather than negative.

The more optimistic analysts [illegible] that, while equities [illegible] overvalued in [illegible] prospective price/earnings [illegible] more than [illegible] for [illegible] year, they should [illegible] as undervalued in [illegible] gilt yields [illegible] short-term interest [illegible].

OTHER [illegible]

FRANKFURT

Speculation on the outlook [illegible] interest rates is on the agenda this [illegible] ahead [illegible] Thursday's Bundesbank Council meeting. [illegible] Securities says recent data on orders and industrial output point to further economic weakness, providing some justification [illegible] monetary easing. But [illegible] weakening D-Mark, down 4.2 per [illegible] a trade weighted basis since mid-October, mitigates against swift cuts.

ZURICH

Winterthur, Switzerland's third largest insurer, [illegible] called a [illegible] conference this morning at which it is expected to announce that it is taking a substantial minority [illegible] in DBV Holding. Commerzbank's insurance subsidiary. Commerzbank, [illegible] holding a [illegible] conference today, has been looking for a partner for DBV [illegible] with Zurich [illegible] broke [illegible] last year.

STOCKHOLM

Volvo [illegible] EGM on Wednesday [illegible] ratify the appointment of a new board [illegible] directors, which [illegible] open the way for [illegible] disposals. These are rumoured [illegible] include the [illegible] of its [illegible] per [illegible] in Cardo. Volvo shares [illegible] all-time highs [illegible] Friday, following positive reports [illegible] analysts [illegible] recent [illegible] comment. [illegible] market has also [illegible] following suggestions [illegible] may [illegible] end [illegible] relationship [illegible] Swedish [illegible] Renault.

MADRID

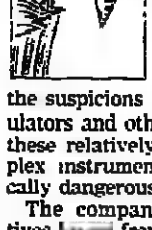
[illegible] Santander [illegible] due [illegible] continue Spain's [illegible] reporting [illegible] analysts [illegible] looking for [illegible] rise in 1993 [illegible] profit, after Popular's 7 per [illegible] rise, announced [illegible] week. [illegible] the possibility of a general banking crisis in Spain [illegible] after last [illegible] from Banesto's former chairman, Mr [illegible] Conde, when he maintained [illegible] financial troubles [illegible] overstated.

TOKYO

Further buying from overseas investors may emerge, especially if other [illegible] markets resume their [illegible]. Although uncertainty over the political reform bill, which the government hopes to pass through parliament on Thursday, [illegible] cause some volatility, [illegible] could receive a boost once the bill is approved. However, share prices [illegible] see heavy selling pressure if [illegible] falls [illegible] push [illegible] bill through.

RISK AND REWARD

Metallgesellschaft deepens suspicions over derivatives



That German industrial giant Metallgesellschaft has been brought to its knees by a one-off derivatives hedging strategy gone awry has deepened the suspicions [illegible] financial regulators and other sceptics that these relatively new and [illegible] plex instruments are systemically dangerous.

The company says derivatives [illegible] from its US oil [illegible] subsidiary, MG Corp, could mount [illegible] DM2.3bn. While [illegible] creditors arrange how best [illegible] mop [illegible] the [illegible], the derivatives industry is trying [illegible] put [illegible] face on [illegible] situation, saying [illegible] MG example is not the norm.

First off, they say, MG's hedging strategy [illegible] not a complicated structured instrument that [illegible] wild because it failed to be understood by top-level [illegible] it [illegible] the company ignored its risk models and carried such huge positions [illegible] they became unmanageable. It also, and more understandably, [illegible] have mismatched the terms of its hedges with its contractual obligations.

[illegible] Corp [illegible] petrol under long-term contracts (known [illegible] "forwards") to end-users and third-party traders. Then, in the simplest of hedges, they [illegible] the forward contracts with corresponding purchases in both the Nymex [illegible] futures markets and in over-the-counter [illegible] swaps.

Though [illegible] forward obligations [illegible] five [illegible] 10 years out, it [illegible] them with short-term (three-month) derivatives. There [illegible] good reason for this. Liquidity, or the ability to enter and exit trades at a reasonable price, exists only in the shortest-term [illegible] in Nymex futures [illegible] oil [illegible] are [illegible] liquid than the futures markets [illegible] become thinner [illegible] longer maturities. Thus, [illegible] business sense for MG [illegible] keep the hedge positions liquid, or short.

The other attraction of short-term hedges was that, at least initially, they generated profit: so long [illegible] short-term oil futures prices were above those for longer-term delivery (backwardation), MG's practice [illegible] buying contracts for three-month delivery and "rolling" them into the next three-month maturity yielded [illegible] of cash.

Seasoned energy traders say [illegible] risk model should have warned that if the oil market inverted, and short-term prices fell below those for distant deliveries [illegible] contango market), the results would be disastrous, and management should have made contingency plans [illegible] restructure the hedges. Instead, MG's massive short hedge rolling programme remained in place [illegible] the oil markets went contango last autumn, generating rollover losses estimated at $30m a month.

Energy traders believe the sheer size of MG's positions prevented it from restructuring its hedges. "The biggest problem of all here [illegible] the size," [illegible] trader said. Some estimates put MG's oil near 200m barrels, with exchange trades close to [illegible] per cent of Nymex open positions.

Typically, hedgers who are in loss-making positions in the futures markets switch [illegible] painful positions in the OTC markets, moving discreetly [illegible] shake off traders waiting to capitalise [illegible] their dilemma. [illegible] huge positions made [illegible] impossible. Despite widespread publicity, MG [illegible] still expected [illegible] perform another unprofitable "roll" [illegible] the Nymex this month.

[illegible] Gary Gastineau, director of customer risk management [illegible] Swiss Bank, says MG would have done better with a single large long-term hedge in the oil [illegible] market.

However, that structured [illegible] have [illegible] expensive, illiquid, [illegible] would [illegible] had [illegible] profitable lure [illegible] short-term [illegible] roll.

Laurie Morse

INDICES AT A GLANCE

	Closing price	Percentage Change: Over week	On 12 months	Since Jan 1	12 month: High		Low		[illegible]: High		Low	
FT-SE 100	3,400.8	0.0	+23.2	-0.5	3,462.0	[illegible]	2,737.6	[illegible]	3,446.0	7/1/94	3,360.0	13/1/94
Dow Jones Ind.	3,867.20	+1.7	+18.3	+3.0	[illegible]	14/1/94	3,241.95	[illegible]	3,867.20	14/1/94	3,754.09	1/1/94
Nikkei	18,973.70	+6.1	+14.9	+8.9	21,148.11	13/9/93	16,078.71	29/11/93	18,973.70	14/1/94	17,369.74	4/1/94*
Dax	2,141.82	-3.5	+40.6	-5.5	2,267.98	3/1/94	1,516.50	[illegible]	[illegible]	3/1/94	2,141.82	14/1/94
CAC 40	2,262.25	-0.6	+25.4	-0.5	2,331.33	11/1/94	1,772.21	29/1/93	2,331.33	11/1/94	[illegible]	5/1/94
Banca Com. Ital.	602.86	-1.4	+28.8	-2.7	632.86	30/8/93	466.18	14/1/93	624.51	3/1/94	602.86	14/1/94

FT Graphite

EMERGING MARKETS: This Week

The Emerging Investor / **Philip Gawith**

A growing trend towards Africa

Will 1994 be Africa's year, the [illegible] in which international investors finally [illegible] the "virgin" continent [illegible] their sights? Certainly [illegible] a growing body of opinion, both in Africa and beyond, that [illegible] will be the case.

Indeed, it [illegible] be argued [illegible] trend [illegible] already under way. [illegible] the Johannesburg Stock Exchange foreigners [illegible] prominent throughout [illegible], initially in [illegible] gold and bond markets and [illegible] buyers of [illegible] stocks too.

Figures supplied by Barings Securities [illegible] for [illegible] foreign investor, who benefited from a 13.3 per [illegible] strengthening in the financial rand, the [illegible] currency [illegible] seas investors, [illegible] overall index rose by 63.4 per cent, the [illegible] index by 184.7 per [illegible] and the industrial index by 41 per cent.

They have also been evident in Botswana, while foreign buying on the Zimbabwe Stock Exchange [illegible] and [illegible] was enough [illegible] the Industrial index [illegible] more than double.

Mr Miles Morland of Blakeney Management, the London-based adviser to many of the world's largest emerging market funds, is [illegible] that the continent's time has come. "Looking [illegible] is very much [illegible] the [illegible] their [emerging market funds] agenda. There is a terrific willingness to believe in the African story."

This can be traced to three important structural changes. Clearly the catalytic [illegible] South Africa's [illegible] as a respectable investment [illegible]. This has [illegible] in [illegible] and the re-examination [illegible] JSE [illegible] inevitably [illegible] of [illegible] regional markets. [illegible] JSE, it [illegible] be doubtful [illegible] much [illegible] emerging [illegible] would [illegible] to [illegible] other [illegible].

[illegible] Mr Nelson Mandela, the ANC leader, called for [illegible] end [illegible] financial [illegible] against South Africa in September, [illegible] a veritable stampede [illegible] US [illegible] Johannesburg. Significant [illegible] have followed and the [illegible] even [illegible] cheery.

[illegible] that [illegible] half [illegible] South Africa [illegible] Southern Africa funds launched. Taken together with [illegible] African [illegible] and country funds, he believes [illegible] will be [illegible] funds channelling [illegible] into South [illegible] year.

The second important change concerns Africa itself. [illegible] the [illegible] saw the political winds of [illegible] blow through [illegible] continent, then the 1990s are witnessing some equivalent [illegible] as governments increasingly embrace market [illegible] costly [illegible] experiments. [illegible] catalyst [illegible] changes [illegible] been the end of the cold war, meaning no more [illegible] European bloc hand-outs, and the [illegible] impoverishment of African [illegible] through deteriorating [illegible] and poor economic management.

Now, [illegible] Mr [illegible] comments, "You either [illegible] IMF's table, [illegible] you don't [illegible] all." This has led [illegible] a huge shift in economic orientation, including a more [illegible] towards equity markets. In [illegible], for example, Mr Bernard Chidzero, [illegible] Zimbabwe finance minister, [illegible] able [illegible] extravagantly [illegible] ZSE as "the prostitute [illegible] economy".

[illegible] the same Mr Chidzero [illegible] his budget [illegible] introduce reforms aimed at encouraging [illegible] development of the ZSE: foreign investors being allowed to buy up to 25 per cent of companies listed on the ZSE; reductions in capital gains tax on share market investment to 10 per cent from 30 per [illegible] the withholding tax on [illegible] declared by quoted companies [illegible] from 20 [illegible] cent.

[illegible] final change concerns the burgeoning emerging market movement, particularly in [illegible] US, with an increasing portion of [illegible] earmarked for emerging [illegible] and [illegible] investment.

A November [illegible] by the [illegible] firm Kleiman [illegible] found that international institutional investment in emerging [illegible] risen by 3 per cent [illegible] 13 per [illegible] of international [illegible] in [illegible], with [illegible] over [illegible] past five years rising [illegible] five-fold.

[illegible] within this trend, Africa has a lot of catching up to do. A recent survey by Micropal [illegible] global emerging market funds [illegible] largest of these funds had [illegible] only about $40m out of $11.5bn (0.35 per cent).

Clearly, [illegible] Africa in general and South [illegible] in particular [illegible] a [illegible] for emerging market funds, then [illegible] in [illegible] will be good [illegible] invested there.

To this [illegible] scenario, however, some cautionary [illegible] about Africa must [illegible] entered. Firstly, [illegible] by emerging market standards, Africa [illegible] an unusual beast. On [illegible] hand, the JSE with [illegible] market capitalisation of [illegible] much larger than [illegible] average for emerging markets. On [illegible] hand, most [illegible] other African markets – Botswana, Ghana, Kenya, Namibia, Nigeria and Zimbabwe (with Zambia, [illegible], Uganda and Tanzania all on the point of opening) – are minuscule.

A recent survey by Mr [illegible] ZhuParris of Morgan Stanley Asset Management found that between them Africa's newly emerging markets [illegible] only [illegible] liquid stocks with market capitalisations greater than $100m (with [illegible] trading in Morocco).

Second, although Africa [illegible] fairly cheap compared with [illegible] world markets, [illegible] been cheap for a long time and for good [illegible]. A major factor [illegible] that investors [illegible], with [illegible] exception [illegible] pula, investing in very weak, devaluing currencies.

Another problem [illegible] that the markets [illegible] shallow, illiquid and small. Also, in some [illegible] the JSE, there is a dearth of domestic [illegible] piggy-back on which [illegible] cause liquidity problems.

Mr Mark Tunmer, [illegible] the ZSE, comments: "Our big problem [illegible] we've got all the demand but nothing [illegible] sell." He reckons [illegible] if the [illegible] had been [illegible] to satisfy demand, foreign flows would have been four [illegible] five times larger. This problem has also affected the JSE, where buyers have had [illegible] get used [illegible] the idea [illegible] fulfilling a big order can [illegible] than a week.

These liquidity problems should, however, [illegible] time. If markets [illegible] enjoy a bull run [illegible] will stimulate new issues and rights issues, thereby increasing [illegible] in circulation.

A further factor [illegible] consider [illegible] that African markets [illegible] much more dependent on commodity prices [illegible] politicians than many other emerging markets. Investors not fully apprised [illegible] developments in these [illegible] could well burn their fingers.

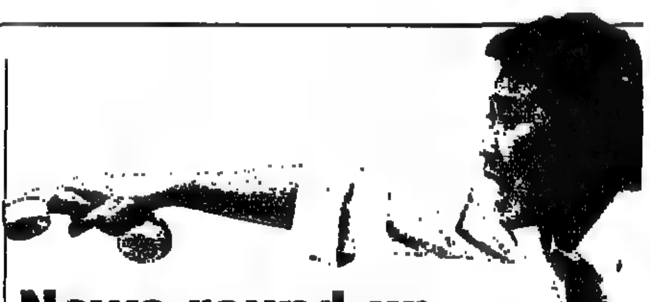
On the commodity front, developments [illegible] good. Important commodities like gold, cocoa [illegible] broken out [illegible] long [illegible] cycles. The politicians [illegible] be behaving better, but in [illegible] cases the depth [illegible] commitment [illegible] financial discipline and good government [illegible] be tested.

In [illegible] final analysis, [illegible] happens in South [illegible] probably determine [illegible] extent [illegible] which [illegible] regional markets flourish. In themselves they [illegible] probably [illegible] small [illegible] warrant attention. If South [illegible] works, though, they [illegible] likely to cling grimly [illegible] coat-tails.

Ten best performing [illegible]

Stock	Country	Friday close	Week on week change $	%
Banco Do Brasil (Pfd)	Brazil	0.02	0.01	[illegible]
Eczacibasi [illegible]	Turkey	1.11	0.36	[illegible]
Kordosa	Turkey	0.88	0.32	[illegible]
Banco Itau (Pfd)	Brazil	0.30	0.09	47.4
[illegible]	Turkey	2.44	0.76	[illegible]
[illegible]	Turkey	0.95	0.26	38.9
Banco [illegible]	Brazil	0.02	[illegible]	36.9
Arcelik	Turkey	1.90	0.42	[illegible]
Turk [illegible]	Turkey	1.52	0.29	[illegible]
Brisa	Turkey	2.22	0.41	[illegible]

Source: Baring [illegible]



News round-up

■ Latin America

Latin American borrowers [illegible] a record [illegible] (£16.8bn) in new [illegible] year in international markets, [illegible] new issue volume in [illegible] fourth quarter [illegible] $10.4bn, Salomon Brothers [illegible]. This compared with $11.5bn in 1992.

Average maturity lengthened [illegible] 4.8 years from 3.7 years in 1992, with [illegible] issues carrying [illegible] average [illegible] years. The private sector accounted for [illegible] per [illegible] of new issues. [illegible] accounted for [illegible] per cent, [illegible] Brazil [illegible] Argentina for 25 per [illegible] each.

■ Israel

The country has agreed in principle [illegible] a [illegible] market, according [illegible] reports [illegible] week. The finance ministry is to [illegible] a list of regulations [illegible] govern [illegible] exchange by mid-April.

■ Nepal

The country's first stock exchange swung into action [illegible] Thursday with [illegible] totalling [illegible]

The bourse operates on [illegible] outcry system and currently [illegible] for three hours [illegible] Sunday to Thursday and one hour [illegible] Friday.

There [illegible] companies listed on the stock exchange and the authorities aim [illegible] establish [illegible] indices in [illegible] future.

■ Warsaw

The equity market was very active [illegible] week and the trend is likely [illegible] continue, traders say.

The [illegible] index gained [illegible] 7 per [illegible] during [illegible] week, [illegible] turnover reached a [illegible] $125m.

■ Mexico

Foreign investment in government instruments totalled [illegible] in [illegible] increase of [illegible] from [illegible] year-earlier, according [illegible] central [illegible].

[illegible] majority of [illegible] holdings [illegible] concentrated in Treasury bills, accounting [illegible] some 47.7bn [illegible] pesos.

■ Further coverage [illegible] emerging [illegible] daily on the World [illegible] page.

CURRENCY MAR[illegible]

Gillian Tett

Sterling and dollar to defend gains

[illegible] key question facing currency markets this week is whether the dollar and sterling will be able to maintain the dramatic gains of recent days against the D-Mark.

Rising optimism about the US and UK economies and mounting gloom about Germany's recession pushed sterling three pfennigs, and the dollar two pfennigs, higher.

The Anglo-Saxon economies seem set to remain the darlings of the markets but some dealers fear [illegible] optimism might have been exaggerated, particularly if this week's US and UK economic news is not as good as last week's.

[illegible] D-Mark side, the main [illegible] meeting of the Bundesbank [illegible] on Thursday. The Bundesbank's refusal [illegible] cut [illegible] council meeting initially led the [illegible] to assume [illegible] would occur this time, but opinion [illegible] since [illegible] more mixed.

Germany's recession and improving inflation outlook have left some convinced that there will be [illegible] cut. But, the dramatic weakening of [illegible] German currency [illegible] week, and likely volatility in the German money markets [illegible] a result [illegible] banking [illegible] left [illegible] believing [illegible] would [illegible] delayed.

[illegible] markets will be watching closely [illegible] see [illegible] Bundesbank [illegible] willing [illegible] support the D-Mark. Although the Bundesbank's intervention [illegible] support [illegible] D-Mark [illegible] was only conducted through reserve management, [illegible] bank is expected [illegible] oppose another dramatic [illegible] slide.

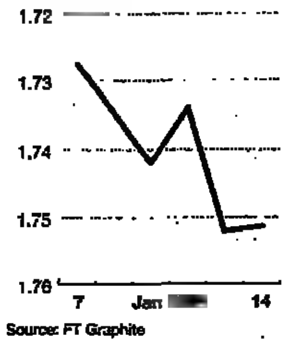
● [illegible] apparent deadlock in [illegible] US-Japanese [illegible] will [illegible] yen-dollar rate particularly [illegible] political swings. Some [illegible] hope Japan's government is moving closer towards introducing the fiscal measures needed [illegible] the Japanese economy, however [illegible] underlying fundamentals remain [illegible] for the yen, and few expect it [illegible] stage any significant rally.

■ Meanwhile, the Irish punt has [illegible] sterling's [illegible] bull run and is at [illegible] of the ERM grid. As Mr Chris Turner, of [illegible] points out, this means the gap [illegible] punt [illegible] peseta, currently [illegible] weakest ERM currency, [illegible] per cent on several occasions [illegible].

With [illegible] punt likely [illegible] strengthen further, the trend underscores [illegible] growing polarisation [illegible] the peripheral ERM currencies, in spite [illegible] convergence in the centre.

D-Mark

Against the $ (DM per $)



Source: FT Graphite

Baring securities emerging markets [illegible]

Index	14/1/94	[illegible] movement: Actual	[illegible]	Month on month movement: Actual	Percent	[illegible] to [illegible]: Actual	[illegible]
World [illegible]	[illegible]	-1.35	-0.79	15.42	10.00	1.21	0.72
Latin [illegible]							
Argentina (19)	115.91	0.49	0.42	11.90	11.44	0.53	0.46
Brazil (18)	178.03	25.52	16.73	46.30	35.15	38.38	27.49
[illegible] (12)	161.38	1.52	0.95	27.54	20.58	13.84	[illegible]
Mexico (22)	158.34	-8.04	-4.83	7.80	5.18	-2.92	-1.81
Latin [illegible] (71)	[illegible]	2.59	1.66	20.39	14.75	9.40	[illegible]
Europe							
[illegible] (14)	96.50	0.79	[illegible]	11.01	12.88	13.40	16.13
Portugal (13)	118.50	4.32	3.78	6.45	5.75	6.37	[illegible]
Turkey [illegible]	208.80	29.59	16.51	63.80	44.00	47.09	29.12
Europe (49)	130.12	8.45	6.94	20.61	18.82	17.88	[illegible]
[illegible]							
[illegible] (17)	[illegible]	-8.11	-4.55	12.73	8.07	-0.68	-0.40
[illegible]	109.58	-1.58	-1.43	[illegible]	[illegible]	-0.12	-0.11
Malaysia (21)	221.02	-15.43	-6.53	-12.20	-5.23	-32.03	-12.86
Philippines (9)	288.88	-23.11	-7.41	36.57	14.50	-33.59	-10.42
Thailand [illegible]	241.99	-6.59	-2.65	0.70	0.29	-21.56	[illegible]
[illegible] (29)	144.32	-13.58	-8.60	[illegible]	20.23	-9.39	-6.11
[illegible] (119)	201.76	-11.87	-5.56	3.83	1.94	-19.66	[illegible]

All indices in $ terms, January 7th 1992=100. Source: Baring Securities

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Jan 14 / Sch)

BELGIUM/LUXEMBOURG (Jan 14 / Frs.)

DENMARK (Jan 14 / Kr)

FINLAND (Jan 14 / Markka)

FRANCE (Jan 14 / Frs.)

GERMANY (Jan 14 / Dm.)

ITALY (Jan 14 / Lira)

NETHERLANDS (Jan 14 / Fl)

NORWAY (Jan 14 / Krone)

SPAIN (Jan 14 / Pta.)

SWEDEN (Jan 14 / Krona)

SWITZERLAND (Jan 14 / Frs.)

PACIFIC

JAPAN (Jan 14 / Yen)

HONG KONG (Jan 14 / H.K.$)

MALAYSIA (Jan 14 / MYR)

SINGAPORE (Jan 14 / S$)

AUSTRALIA (Jan 14 / Aust.$)

NORTH AMERICA

CANADA

TORONTO (Jan 14 / Can $)

4 pm close

MONTREAL (Jan 14 / Can $)

4 pm close

AFRICA

SOUTH AFRICA (Jan 14 / Rand)

Prices supplied by Telekurs

NOTES – OWING TO TECHNICAL PROBLEMS, [illegible] RELATE TO [illegible] ONLY. Prices on this page are as quoted on the individual exchanges and are largely last traded prices. [illegible] (A) Some 5 [illegible] in Friday's FT were pre-close.

FT FREE [illegible] REPORTS SERVICE [illegible]

■ TOKYO - [illegible] ACTIVE STOCKS: Friday, January 14, 1994

	Stocks Traded	Closing Prices	[illegible]		Stocks Traded	Closing Prices	Change on day
Tokyo Gas	11.6m	[illegible]	+30	Sumitomo Mtl	6.0m	928	+10
Hanwa	10.5m	[illegible]	+5	Mitsubishi Hvy	6.0m	672	+2
Kawasaki Steel	8.1m	[illegible]	+9	Itochu	4.9m	605	+13
Mazda Motor	7.0m	[illegible]	+26	Osaka Gas	4.9m	520	+28
Nippon Steel	6.8m	[illegible]	+5	Anritsu Elec	4.8m	969	-121

INDICES

US INDICES

Dow Jones

■ RATIOS

■ STANDARD AND POORS 500 INDEX FUTURES $500 times index

■ NEW YORK ACTIVE STOCKS

■ TRADING ACTIVITY

■ CAC-40 STOCK INDEX FUTURES (MATIF)

FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (✝) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (▲) - 1401 to 1700 hours; (#) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and [illegible] particulars can be obtained free of [illegible] from fund managers.

Other explanatory [illegible] are contained in the last column [illegible] FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London [illegible] Tel: 071-379-0444.

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● FT Cityline Unit Trust Prices: dial (0891) 430000, enter 4 and key in the five digit code listed below. Calls are charged at 36p/minute cheap rate and 48p/minute at all other times. International access available by subscription only. For more details call the FT Cityline Help Desk on (071) 873 4378.

TSB Unit Trusts (1200)F
Charlton Pl, Andover, Hants, SP10 1RE 0264 346794

	Init Chrge	Canc Price	Bid Price	Offer Price	Yield Gr's	City-Line
TSB American	6	229.42	229.43	244.88	-	4157
Do Accum	6	282.71	282.71	300.84	-	4158
TSB Brit Growth	6	100.22	101.40	107.87	1.57	4159
Do Accum	6	118.68	120.08	127.74	1.57	4160
TSB European	6	108.49	108.49	115.29	0.23	4161
Do Accum	6	113.17	113.17	120.40	0.23	4162
TSB Extra Income	6	218.64	219.84	233.88	3.46	4163
Do Accum	6	354.21	358.44	382.39	3.46	4164
TSB Smaller Cos	6	74.82	78.51	81.39	0.93	4165
Do Accum	6	82.84	85.08	90.48	0.93	4166
TSB General	6	305.41	309.50xd	329.29	2.02	4167
Do Accum	6	615.20	621.50xd	663.30	2.02	4168
TSB Premier Income	5	56.61	57.88	60.06	5.58	4169
Do Accum	5	121.34	123.99	128.74	5.58	4170
TSB Income	6	373.87	378.23	402.18	3.10	4171
Do Accum	6	790.09	801.03	852.18	3.10	4172
TSB Pacific	6	434.58	434.58	462.37	-	4173
Do Accum	6	458.63	458.63	485.76	-	4174
TSB International	6	565.71	565.71	602.04	0.07	4175
Do Accum	6	742.72	742.72	790.17	0.07	4176
TSB Nat Resources	6	179.91	184.99	196.37	-	4177
Do Accum	6	197.44	202.58	215.51	-	4178
TSB Spcld Opps	6	114.62	116.42	123.86	0.98	4179
Do Accum	6	144.84	148.91	158.29	0.98	4180
Environmental Inv	6	66.03	66.03	70.25	1.39	4849
Do Accum	6	71.32	71.32	75.87	1.39	4850
TSB Selector	6	67.10	68.14	72.49	1.95	4760
Do Accum	6	74.67	75.73	80.56	1.95	4761
TSB High Income	6	71.49	72.29	76.91	3.94	4658
Do Accum	6	86.98	87.97	93.58	3.94	4659
TSB Intl Income	6	83.88	84.08	89.17	4.58	4580
Do Accum	6	75.09	75.56	80.38	4.58	4581
TSB Selector Income	6	67.23	67.92	72.26	4.80	4582
Do Accum	6	76.40	77.16	82.17	4.80	4583

T.U. Fund Managers Limited (1200)H
NLA Tower, Addiscombe Road, Croydon 081-686 4355

	Init Chrge	Canc Price	Bid Price	Offer Price	Yield Gr's	City-Line
T.U. British	5	390.7	[illegible]	388.1	2.50	4154
T.U. European		49.31	[illegible]	51.81	2.00	4049

Templeton Unit Trust Managers Ltd (1200)F
Abbot Crescent, Edinburgh EH3 8HA 031-228 3932

INSURANCES

AXA Equity & Law Life Assce
Amersham Road, High Wycombe 0494 463463

	Bid Price	Offer Price	Yield Gross	City-Line
UK Equities Ser 5	991.7	1043.8	-	42223
Higher Income Ser 5	1070.4	1126.7	-	42224
Property Ser 5	523.9	551.4	-	42225
Fixed Interest Ser 5	423.9	446.2	-	42226
Index Lnkd Secs Ser 5	187.1	196.9	-	42227
Gtd Deposit Ser 5	288.6	303.7	-	42228
Nth America Ser 5	437.7	460.7	-	42229
Far East Ser 5	557.7	587.0	-	42230
Europe Ser 5	356.8	375.5	-	42231
International Ser 5	533.3	564.5	-	42232
Balanced Ser 5	709.2	746.5	-	42233
Reserve Ser 5	149.3	157.1	-	47039
Opportunity Ser 5	162.7	171.3	-	47040
Distribution Ser 5	109.5	115.2	-	47180
Pens Equity Ser 3 (z)	1380.8	1453.9	-	42234
Pens Higher Inc S 3 (z)	336.3	353.9	-	42235
Pens Fixed Int S 3 (z)	573.8	604.0	-	42236
Pens Index-Linked Ser 3 (z)	243.7	256.5	-	42237
Pens Property S 3 (z)	486.7	512.3	-	42238
Pens N America S 3 (z)	192.3	202.4	-	42239
Pens Far East S 3 (z)	311.6	327.9	-	42240
Pens Europe S 3 (z)	202.9	213.5	-	42241
Pens Overseas S 3 (z)	819.2	862.3	-	42242
Pens Balanced S 3 (z)	811.6	854.6	-	42243
Pens Cash S 3 (z)	419.5	441.5	-	42244
Pens DAF Series 3 (z)	234.7	247.0	-	42245
Pens DAF Series 1 (z)	465.3	489.7	-	42246
Pens Opportunity S 3 (z)	174.6	183.7	-	47042
Pens Reserve S 3 (z)	172.8	181.8	-	47041

Abbey Life Assurance Co Ltd
80 Holdenhurst Road, Bournemouth 0202 292373

Britannia Life Assurance

Crown Financial Management Ltd - Contd.

Hearts of Oak Insurance Group

Life Association of Scotland - Contd.

Mercury Life Assurance Co Ltd - Contd.

Prosperity Life Assurance Ltd

Providence Capitol Life Assc. Co Ltd

OTHER UK UNIT TRUSTS

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Royal Heritage Life Assurance Ltd - Contd.

Scottish Widows' Group

Target Life Assurance Co Ltd

Finexco International Ltd

Macartney & Dowie Invest Mngt Plc

Prudential Fund Managers (Guernsey) Ltd

GT Asset Management (Ireland) Ltd

Asset Global Funds Ltd (1200)

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

For associated Times of Sharon Prices 0624 623966

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	Bid Price	Offer Price	Yield Gross	City-Line
Citibank - Contd.				
Bond Funds				
HYB (A) Jan 17	$91482.3537		-	44858
Special Assets (B) Dec 1	FFr11691.3190		-	49157
Citibank N.A.				
Libra 2000 Nov 30	$139.28		-	49154
Libra 2000 Intl Nov 30	$139.28		-	49155
Coutts & Co (Jersey) Fund Managers Ltd				
Ashburton Replica Portfolio Ltd				
Ashburton Replica P'folio Ltd £	14.20	14.70	-	47755
Ashburton Replica P'folio Ltd $	$12.93	13.61	-	47758
EBC Fund Managers (Jersey) Ltd				
EBC Traded Currency Fund Ltd*				
Income	$14.48	14.914	1.26	44880
Capital	$22.70		-	44884
Fleming Group				
Robert Fleming Management (Jersey) Ltd				
Deutschland NAV Dec 31	DM17.00		-	
Foreign & Colonial Mngmt (Jersey) Ltd				
Hypo Foreign & Colonial Reserve Asset Fd Ltd				
US$ Cash	$11.178		-	45006
Sterling Cash	£13.327		-	45007
US$ Bonds	$17.048		-	45008
Multicurrency Bonds	$22.720		-	45009
Sterling Bonds	£17.841		-	45010
D Mark Bonds	DM12.881		-	45011
European Bonds	Ecu14.942		-	45013
UK Equities	£14.205		-	45014
US Equities	$18.868		-	45015
Japanese Equities	Y817.8		-	45016
Cont'l Euro Equities	DM21.288		-	45017
UK Negative Equities	£10.378		-	48010

	Init Chge	Canc Price	Bid Price	Offer Price	Yield Gr's	City-Line
Asset Management - Contd.						
Japan Index Tracking	Y-		794		-	
UK Eqty Index Tracking	£-		7.360		2.05	
US Eqty Index Tracking	$-		13.174		1.05	
German Bond	DM-		23.989		6.48	
Japanese Bond	Y-		1704		3.50	
Swiss Bond	SFr-		22.816		3.93	
UK Bond	£-		7.037		6.23	
US Bond	$-		11.832		5.74	
Comgest SA						
Commercial Union Luxembourg SA (u)						
Monthly Income	$-	1.2495	1.3216		7.08	
Far Eastern Gwth	$-	3.0252	3.2180		-	
American Gwth	$-	2.4357	2.5912		-	
European Gwth	Ecu-	2.4178	2.5721		-	

Lloyds Bank Luxembourg

Midland Internatnl Circuit Fund SICAV (u)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES AND MONEY

POUND SPOT FORWARD AGAINST THE POUND

Jan 14		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	[illegible]	-0.0413	670 - 807	[illegible]	18.3405	[illegible]	-0.2	[illegible]	[illegible]	-	-	[illegible]
Belgium	(BFr)	[illegible]	[illegible]	059 - 077	54.6655	54.4050	[illegible]	-2.0	[illegible]	-1.5	[illegible]	-0.9	112.5
Denmark	(DKr)	10.1102	[illegible]	010 - 193	10.1387	10.1005	10.1222	-1.4	10.1317	[illegible]	[illegible]	[illegible]	115.4
Finland	(FM)	[illegible]	-0.0205	[illegible]	[illegible]	[illegible]	-	-	-	-	-	-	81.0
France	(FFr)	8.8673	[illegible]	[illegible]	8.8972	8.8525	[illegible]	-1.2	[illegible]	-0.9	8.8951	[illegible]	[illegible]
Germany	(DM)	2.6118	[illegible]	108 - 127	[illegible]	2.6079	2.6135	[illegible]	2.6149	-0.5	2.6144	-0.1	121.9
Greece	(Dr)	375.084	-1.916	591 - 537	[illegible]	374.557	-	-	-	-	-	-	-
Ireland	(I£)	1.0444	-0.003	437 - 451	[illegible]	1.0419	1.0449	-0.6	[illegible]	-0.5	[illegible]	-0.2	103.3
Italy	(L)	2547.66	+2.24	650 - 885	2558.76	2544.20	[illegible]	-3.0	2565.63	[illegible]	2608.53	-2.4	[illegible]
Luxembourg	(LFr)	54.4568	-0.1604	059 - 077	54.6655	54.4050	[illegible]	-2.0	[illegible]	-1.5	[illegible]	-0.9	112.5
Netherlands	(Fl)	2.9244	-0.0082	224 - 264	[illegible]	[illegible]	[illegible]	-0.1	2.9231	0.2	[illegible]	0.4	[illegible]
Norway	(NKr)	11.2583	-0.0321	549 - 616	[illegible]	11.2500	11.2742	-1.7	[illegible]	[illegible]	[illegible]	0.0	[illegible]
Portugal	(Es)	263.123	-1.082	930 - 316	264.265	[illegible]	[illegible]	-6.4	[illegible]	-6.1	-	-	-
Spain	(Pta)	215.266	-0.6	118 - 414	216.176	[illegible]	[illegible]	-4.0	217.116	-3.4	[illegible]	-2.7	[illegible]
Sweden	(SKr)	12.2269	-0.0236	174 - 364	[illegible]	[illegible]	[illegible]	-2.6	[illegible]	-1.8	[illegible]	-1.3	75.5
Switzerland	(SFr)	2.2083	-0.0032	071 - 094	2.2165	[illegible]	[illegible]	1.3	2.2007	1.4	2.1738	[illegible]	[illegible]
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	82.7
Ecu	-	1.3462	-0.0032	457 - 467	[illegible]	[illegible]	1.3476	-1.2	[illegible]	-1.0	[illegible]	-0.4	-
SDR†	-	0.916279	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.4893	-0.0032	890 - 896	1.4950	[illegible]	-	-	-	-	-	-	-
Brazil	(Cr)	578.252	+7.502	147 - 356	579.000	[illegible]	-	-	-	-	-	-	-
Canada	(C$)	1.9706	-0.0069	699 - 713	[illegible]	[illegible]	[illegible]	1.7	[illegible]	[illegible]	[illegible]	1.1	[illegible]
Mexico	(New Peso)	4.6358	-0.0121	335 - 381	[illegible]	4.6240	-	-	-	-	-	-	-
USA	($)	1.4921	-0.0039	918 - 923	1.4981	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.4699	1.6	67.7
Pacific/Middle East/Africa													
Australia	(A$)	2.1629	-	617 - 640	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Hong Kong	(HK$)	11.5289	-0.0281	262 - 316	11.5721	[illegible]	[illegible]	2.1	[illegible]	1.9	[illegible]	1.3	-
India	(Rs)	46.8038	-0.1223	903 - 172	46.9880	[illegible]	-	-	-	-	-	-	-
Japan	(Y)	165.938	-1.856	858 - 018	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.3	[illegible]	[illegible]	177.6
Malaysia	(M$)	4.0726	-0.0129	681 - 770	4.0870	4.0570	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.6742	-0.0123	720 - 763	2.6875	2.6680	2.6764	-1.0	2.6794	-0.8	2.6812	-0.3	-
Philippines	(Peso)	41.3299	-0.108	245 - 352	41.7500	41.0195	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.5949	-0.0146	937 - 961	5.6175	5.5800	-	-	-	-	-	-	-
Singapore	(S$)	2.3996	-0.0079	984 - 007	2.4095	2.3920	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.0935	-0.0018	915 - 955	5.1100	5.0790	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	6.3823	-0.084	737 - 908	6.4605	6.3500	-	-	-	-	-	-	-
South Korea	(Won)	1211.18	-2.04	060 - 175	1215.40	1208.25	-	-	-	-	-	-	-
Taiwan	(T$)	39.5319	-0.1183	178 - 460	39.7100	39.4300	-	-	-	-	-	-	-
Thailand	(Bt)	38.1517	-0.1147	304 - 730	38.2910	38.0630	-	-	-	-	-	-	-

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Jan 14		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Morgan G'ty index
Austria	(Sch)	[illegible]	+0.0045	120 - 170	12.3405	[illegible]	12.3407	-2.6	12.3792	-2.1	12.4805	-1.3	102.7
Belgium	(BFr)	[illegible]	-0.012	700 - 260	36.6020	36.4300	36.648	[illegible]	[illegible]	-4.3	37.573	-2.9	102.2
Denmark	(DKr)	6.7760	[illegible]	710 - 810	6.7970	6.7710	[illegible]	-3.9	6.828	-3.1	6.898	-1.8	[illegible]
Finland	(FM)	[illegible]	[illegible]	[illegible] - 708	5.7710	5.6765	[illegible]	-2.1	5.7509	-1.5	[illegible]	-1.0	75.6
France	(FFr)	5.9430	[illegible]	425 - [illegible]	5.9640	[illegible]	5.9608	-3.6	5.9893	-3.1	6.056	-1.9	104.4
Germany	(DM)	1.7505	[illegible]	[illegible] - 508	[illegible]	[illegible]	[illegible]	-3.2	[illegible]	-2.7	[illegible]	-1.6	103.8
Greece	(Dr)	251.375	-0.625	100 - [illegible]	251.900	251.250	255.025	-17.4	261.875	-16.7	296.375	-17.9	71.5
Ireland	(I£)	[illegible]	[illegible]	279 - 294	[illegible]	[illegible]	[illegible]	3.1	1.4187	2.8	1.4017	1.9	-
Italy	(L)	[illegible]	[illegible]	700 - [illegible]	1714.25	1703.50	1715.2	-5.4	1729	-5.0	1776	-4.0	77.1
Luxembourg	(LFr)	[illegible]	-0.012	700 - 260	36.6020	36.4300	[illegible]	-4.9	36.888	-4.3	[illegible]	-2.9	102.2
Netherlands	(Fl)	1.9600	[illegible]	590 - 610	[illegible]	1.9573	1.9641	-2.5	[illegible]	-2.0	[illegible]	-1.2	103.4
Norway	(NKr)	7.5455	[illegible]	[illegible] - 465	7.5780	[illegible]	7.5627	-2.7	[illegible]	-2.3	7.6555	-1.5	[illegible]
Portugal	(Es)	[illegible]	-0.25	250 - 450	[illegible]	176.230	177.555	-8.2	179.72	-7.6	187.4	-6.3	[illegible]
Spain	(Pta)	144.275	-0.025	200 - [illegible]	[illegible]	[illegible]	[illegible]	-6.4	[illegible]	-5.7	[illegible]	-4.3	[illegible]
Sweden	(SKr)	[illegible]	[illegible]	897 - 997	8.2115	8.1450	[illegible]	-5.0	[illegible]	-4.1	[illegible]	-2.9	81.2
Switzerland	(SFr)	[illegible]	[illegible]	795 - 805	[illegible]	1.4765	[illegible]	-1.1	[illegible]	[illegible]	1.4792	0.1	104.1
UK	(£)	1.4921	-0.0039	[illegible] - 923	[illegible]	[illegible]	[illegible]	2.4	[illegible]	[illegible]	[illegible]	1.6	92.1
Ecu	-	1.1084	[illegible]	[illegible] - 086	1.1100	1.1045	1.105	[illegible]	[illegible]	3.1	[illegible]	1.9	-
SDR†	-	[illegible]	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9982	[illegible]	[illegible] - 982	0.9982	[illegible]	-	-	-	-	-	-	-
Brazil	(Cr)	[illegible]	[illegible]	[illegible] - 580	387.580	[illegible]	-	-	-	-	-	-	-
Canada	(C$)	1.3208	-0.0011	205 - 210	1.3215	[illegible]	1.3216	-0.7	1.3227	-0.6	[illegible]	-0.4	[illegible]
Mexico	(New Peso)	[illegible]	-	060 - 080	[illegible]	[illegible]	3.1087	-0.7	[illegible]	-0.7	3.127	-0.6	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	[illegible]
Pacific/Middle East/Africa													
Australia	(A$)	[illegible]	[illegible]	[illegible] - 501	1.4535	[illegible]	1.4506	-0.9	[illegible]	-1.2	1.4613	-0.8	87.1
Hong Kong	(HK$)	[illegible]	[illegible]	[illegible]	7.7275	[illegible]	7.7284	-0.4	[illegible]	[illegible]	7.7394	-0.2	-
India	(Rs)	[illegible]	-	[illegible] - 725	[illegible]	[illegible]	31.4488	-3.1	[illegible]	-3.6	-	-	-
Japan	(Y)	111.215	[illegible]	[illegible] - 250	111.950	[illegible]	111.14	0.8	110.91	1.1	109.27	1.7	138.8
Malaysia	(M$)	[illegible]	[illegible]	[illegible]	[illegible]	2.7200	2.7263	1.4	2.7315	[illegible]	2.7595	-1.1	-
New Zealand	(NZ$)	[illegible]	[illegible]	[illegible] - 934	[illegible]	[illegible]	1.7936	-0.9	[illegible]	-1.2	1.8081	-0.9	-
Philippines	(Peso)	27.7000	[illegible]	000 - 000	[illegible]	27.5000	-	-	-	-	-	-	-
Saudi Arabia	(SR)	[illegible]	-	[illegible] - 500	[illegible]	[illegible]	3.7543	-1.4	[illegible]	-1.9	3.7785	-0.7	-
Singapore	(S$)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.6068	1.2	[illegible]	[illegible]	1.6143	-0.4	-
S Africa (Com.)	(R)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.4315	-6.2	[illegible]	-5.3	3.5618	-4.3	-
S Africa (Fin.)	(R)	[illegible]	[illegible]	725 - [illegible]	4.3210	[illegible]	4.3045	-7.8	[illegible]	-7.5	-	-	-
South Korea	(Won)	[illegible]	[illegible]	500 - 000	[illegible]	[illegible]	814.75	-4.4	[illegible]	-3.2	838.75	-3.1	-
Taiwan	(T$)	[illegible]	-0.01	900 - 000	[illegible]	[illegible]	26.5539	-2.7	[illegible]	-2.7	-	-	-

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

FIXED INTEREST RATES

MONEY RATES

UK INTEREST RATES

LONDON MONEY RATES

EURO CURRENCY INTEREST RATES

BANK OF ENGLAND TREASURY BILL TENDER

STOCK EXCHANGES

FT-ACTUARIES WORLD INDICES

STOCK INDICES

	Jan 14	Jan 13	Jan 12	Jan 11	Jan 10	1993/94 High	1993/94 Low	Since comp. High	Since comp. Low
FT-SE 100	[illegible]	3380.0	3372.0	[illegible]	[illegible]	3462.0	2737.6	[illegible]	[illegible]
FT-SE Mid 250	3915.7	3892.1	3864.6	3889.2	3901.4	3915.7	2876.3	3915.7	[illegible]
FT-SE Mid 250 ex ITs	[illegible]	3890.2	3868.8	3885.5	3896.0	3922.5	2874.6	3922.5	1378.3
FT-SE-A 350	1708.5	[illegible]	1692.3	1711.0	1722.6	1725.8	1348.7	[illegible]	[illegible]
FT-SE SmallCap	1940.69	1929.85	1930.56	1935.61	1930.79	1940.69	1377.88	1940.69	1363.79
FT-SE SmallCap ex ITs	1902.28	1894.03	1892.97	1892.25	1884.79	1902.28	1380.06	1902.28	1363.79
[illegible]	1697.38	1673.12	1675.66	1693.39	[illegible]	1705.99	1330.19	1705.99	[illegible]

	Jan 14	Jan 13	Jan 12	Jan 11	Jan 10	1993/94 High	1993/94 Low	Since comp. High	Since comp. Low
FT-SE Eurotrack 100	[illegible]	1458.82	1475.08	1493.81	1483.27	[illegible]	1063.02	[illegible]	900.45
FT-SE Eurotrack 200	[illegible]	[illegible]	1547.81	1565.49	1561.06	1559.88	1144.79	[illegible]	938.62
FT Ordinary	2612.1	[illegible]	2574.2	2604.8	[illegible]	2617.4	[illegible]	2617.4	[illegible]
FT Govt Securities	[illegible]	[illegible]	106.41	108.32	106.57	107.80	[illegible]	127.40	49.18
FT Fixed Interest	[illegible]	131.91	132.10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	50.53
FT Gold Mines	[illegible]	242.9	260.8	[illegible]	[illegible]	277.9	60.0	734.7	43.5

BASE LENDING RATES

	%		%		%
Adam & Company	5.5	Duncan Lawrie	5.5	* Roxburghe Bank Ltd is no longer authorised as a banking institution.	8
Allied Trust Bank	5.5	Exeter Bank Limited	6.5	Royal Bk of Scotland	5.5
AIB Bank	5.5	Financial & Gen Bank	6	●Smith & Williamson Secs.	5.5
●Henry Ansbacher	5.5	●Robert Fleming & Co	5.5	Standard Chartered	5.5
Bank of Baroda	5.5	Girobank	5.5	TSB	5.5
Banco Bilbao Vizcaya	5.5	●Guinness Mahon	5.5	●United Bk of Kuwait	6.5
Bank of Cyprus	5.5	Habib Bank AG Zurich	5.5	Unity Trust Bank Plc	5.5
Bank of Ireland	5.5	●Hambros Bank	5.5	Western Trust	5.5
Bank of India	5.5	Heritable & Gen Inv Bk.	5.5	Whiteaway Laidlaw	5.5
Bank of Scotland	5.5	●Hill Samuel	5.5	Wimbledon & Sth West.	7
Barclays Bank	5.5	C. Hoare & Co	5.5	Yorkshire Bank	5.5
Brit Bk of Mid East	5.5	Hongkong & Shanghai.	5.5		
●Brown Shipley	5.5	Julian Hodge Bank	5.5		
CL Bank Nederland	5.5	●Leopold Joseph & Sons	5.5		
Citibank NA	5.5	Lloyds Bank	5.5		
City Merchants Bank	5.5	Meghraj Bank Ltd	5.5		
Clydesdale Bank	5.5	Midland Bank	5.5		
The Co-operative Bank	5.5	* Mount Banking	6		
Coutts & Co	5.5	NatWestminster	5.5		
Credit Lyonnais	5.5	●Rea Brothers	5.5		
Cyprus Popular Bank	5.5				

● Members of British Merchant Banking & Securities Houses Association

FIXED INTEREST STOCKS

RIGHTS OFFERS

LONDON RECENT ISSUES: EQUITIES

BANK RETURN

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

NOTES– Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Cr: Frequency at which interest is credited to the account.

LONDON SHARE SERVICE

BANKS

	Notes	Price	Wk% ch'nge	Div net	Div cov.	Dividends paid	Last xd	City line
ABN Amro Fl	□	£24¼	-3.4	Q56%	1.8	Sep May	1.9	1567
ANZ A$	□	231¼	4.9	Q20c	ϕ	Jan Jul	9.12	1698
Abbey National	†□	520	6.1	11.86	2.3	May Oct	16.8	5411
Allied Irish I£	♣†ø□	306	-1.9	Q44%	2.1	Oct May	16.8	1354
Anglo Irish I£	M□	68xd	7.9	Q17.9%	ϕ	Jan Jul	29.11	1355
Asahi Y	□	683	0.8	Q14%	1.3	Jan Dec	12'92	3049
Banco Bil Viz Pta	□	£14¼	-1.7	Q27.2%	2.7	JyOcJaAp	13.7	-
Banco Sant Pta		£29[illegible]	-8.4	Q34.7%	2.0	ApJyOcJa	30.10	-
Bank Leumi (UK)		375	.....	17.0	-	Apr Sep	2.8	1740
Bk Ireland I£	♣ø□	311	-1.3	Q13¼%	1.5	Jul Dec	15.11	1360
Bank Scotland	♣†□	221	-.9	4.87	1.8	Dec Jul	18.10	1742
9¼pc Pf		136¾	-1.6	9¼%	-	May Nov	18.10	1462
9¾pc Pf		143¾	-1.5	9¾%	-	May Nov	18.10	-
Barclays	†N□	600	-3.1	12.5	-	Oct May	16.8	1764
Dai Ichi Kan Y	□	£10[illegible]	.....	Q18%	3.2	Jun Dec	27.9	3221
Deutsche DM	□	£321¼	-4.7	Q30%	-	May	24.5	2345
Espirito Santo		£24[illegible]	3.0	Q120c	5.2	Jun	4.6	6187
First Nat Fin	□	75	17.2	1.5	ϕ	Mar	16.8	2571
6.3pc Cv Pf		87½xd	10.8	6.3%	-	Jul Jan	4.1	3970
7pc Cv Pf		142xd	14.5	7.0	-	Jul Jan	4.1	-
Fuji Bank Y	□	1205¼	2.4	Q17%	2.3	[illegible] Jun	4.7	[illegible]
HSBC HK	†□	926	-1.1	20.0	2.0	[illegible] Jun	[illegible]	[illegible]
HSBC (75p Shs)	†□	911	-1.0	20.0	2.0	Nov Jun	[illegible]	[illegible]
Lloyds	†□	623	-1.7	19.1	1.9	Oct May	[illegible]	[illegible]
Mitsubishi Y	□	£16[illegible]	3.9	Q17%	2.3	Jun Dec	[illegible]	[illegible]
Mits Tst & Bk Y	□	756¼	5.8	Q16%	12.4	Jun Dec	[illegible]	[illegible]
Mitsui Tst & Bk Y	□	561¾	8.3	Q17%	5.5	Jun Dec	12'92	5380
Nat Aust A$	□	571½	0.2	Q58c	ϕ	Jul Jan	9.6	3458
NatWest	†□	594	-1.4	17.8	1.0	Oct May	16.8	3463
Ottomane FFr		£30½	7.0	Q150%	2.3	May	12.5	1621
Ryl Bk Scotland	♣N□	451xd	-3.0	11.0	1.8	Feb [illegible]	13.12	3874
Sakura Y	□	6[illegible]	0.6	Q17%	3.0	Dec [illegible]	12'92	3831
Sanwa Y	♣□	£12[illegible]	-.2	Q17%	2.7	Jun Dec	12'92	5108
Standard Chartd	†□	1168	-3.8	20.5	0.1	Jun Oct	16.8	4084
Sumitomo Y	□	£12⅛	1.3	Q17%	6.7	Jan Dec	12'92	3078
Sumitomo Tst Y	□	723¼	3.8	Q17%	2.3	Jun Dec	12'92	4918
TSB	♣N□	288	5.5	7.68	1.6	Apr Oct	16.8	4320
Tokai Y	□	[illegible]	1.0	Q18%	2.8	Jan Dec	12'92	5359
Toyo Tst & Bk Y	□	[illegible]	10.1	Q15½%	2.3	Jan Dec	30.6	1383
Westpac A$		217xd	4.8	Q12c	ϕ	Jan Jul	21.12	4473
Yasuda Tst Bk Y	♣□	474½	3.3	Q15½%	2.3	Jan Dec	12'92	6347

BREWERIES

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

BUILDING MATS. & MERCHANTS - Cont.

CHEMICALS

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

FOOD MANUFACTURERS

GAS DISTRIBUTION

HEALTH CARE

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

[illegible]

INVESTMENT COMPANIES

[illegible]

LEISURE & HOTELS

[illegible]

LEISURE & HOTELS - Cont.

[illegible]

LIFE ASSURANCE

[illegible]

MEDIA

[illegible]

MERCHANT BANKS

[illegible]

OIL EXPLORATION & PRODUCTION

[illegible]

OIL, INTEGRATED

[illegible]

OIL, INTEGRATED - Cont.

[illegible]

OTHER FINANCIAL

[illegible]

OTHER SERVICES & BUSINESSES

[illegible]

PHARMACEUTICALS

[illegible]

PRINTING, PAPER & PACKAGING

[illegible]

PROPERTY

[illegible]

PROPERTY - Cont.

[illegible]

RETAILERS, FOOD

[illegible]

RETAILERS, GENERAL

[illegible]

SPIRITS, WINES & CIDERS

[illegible]

SUPPORT SERVICES

[illegible]

TELECOMMUNICATIONS

[illegible]

TEXTILES & APPAREL

[illegible]

TOBACCO

[illegible]

TRANSPORT

[illegible]

TRANSPORT - Cont.

[illegible]

WATER

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

SOUTH AFRICANS

	Notes	Price	W'k% chnge	Div net	Div cov.	Dividends paid	Last xd	City line
Anglo Am Ind		£13½	.....	0269c	1.7	Oct Apr	22.3	–
Barlow Rand		£4⅛	-5.7	0173c	1.7	Jan Jul	13.12	1760
Gold Fields SA R		£18½	-5.8	0200c	1.5	Mar Sep	28.1	2717
NK Props		80	.....	057.1c	♦	Mar Oct	19.10	–
SASOL	♥	289	-1.7	078c	–	Oct	22.9	3819
SA Brews		£13½	-10.0	0136c	2.2	Dec Jun	13.12	4113
Tiger Oats		728xd	-9.2	062c	2.8	Jan Feb	29.11	5222
Tongaat-Hulett	†	462xd	-4.2	075c	2.4	Feb Aug	4.1	6221

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown. Prices and net dividends are in pence unless otherwise indicated.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Dividend covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Market Capitalisations are published on Tuesdays-Saturdays except for Investment Trusts and British Funds.

- ☐ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International System.
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below
- ⁂ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- ‖ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend; cover based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme

a Annualised dividend. b Figures based on prospectus or other official estimates. c Cents. f Flat yield. g Assumed dividend. h Assumed dividend after scrip issue. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend excludes a special payment. t Indicated dividend: cover relates to previous dividend. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Not subject to ACT. z Dividend includes a special payment; Cover does not apply to special payment. F Dividend based on prospectus or other official estimates for 1994-95. G Assumed dividend after pending scrip and/ or rights issue. H Dividend based on prospectus or other official estimates for 1993. K Dividend based on prospectus or other official estimates for 1992-93. L Estimated annualised dividend, cover based on latest annual earnings. M Dividend based on prospectus or other official estimates for 1993-94. N Figures based on IIMR "Headline Earnings" P Figures based on prospectus or other official estimates for 1994. Q Gross. R Forecast annualised dividend, cover based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion

FT Share Service

The following changes have been made to the FT Share Information Service: Additions: Barlo (Bldg & Con), Cementone Wrts and Plasmec (Chems), Arjo AB (Health Care), Govett Emrg C, Govett High Inc Ord & Wrts, Kleinwort 2nd Endw Policy, Mercury World Ord & Wrts, and NM Smlr Aust. (Inv Tsts), Nelson Hurst and New London Cap. (Insce), Inspirations (Leis & Htls), On Demand Info (Media) and London Indl (Prop).

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FT Cityline

For up-to-the-second share prices call FT Cityline on 0336 43 or 0891 43 followed by the four-digit code listed after the share price. Calls charged at 36p per minute cheap rate and 48p per minute at all other times.
An international service is available for callers outside the UK, annual subscription £250 stg.
Call 071-873 4378 (+44 71 873 4378, international) for more information on FT Cityline.

4 pm close January 14

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1993/94 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15	11½	AAR	0.48	3.2	504	294	u15¼	15	15⅛	+⅛
29⅜	12¾	A L Labs A	0.18	1.3	33	200	14⅜	14⅛	14⅜	
67¼	54⅝	AMP	1.60	2.5	22	1332	63	62½	62⅞	+¼
72¾	55½	AMR			56	7818	71⅜	70¼	71⅛	-⅝
3⅞	1¾	ARX			17	170	u4¼	4⅛	4¼	
51½	29⅞	ASA	2.00	3.7	36	1803	u54⅞	53¾	54¾	
30¾	22⅝	Abbott	0.68	2.3	18	5945	29⅝	28⅜	29¾	+⅜
12⅝	8¼	Abitibi Pr	0.50	3.8	8	62	u13	12½	13	+⅝
15⅝	8⅛	Acptncetn			21	208	13½	13⅛	13⅛	
35	25½	ACE Ltd	0.40	1.3	5	169	30	29⅝	30	+⅝
12⅝	10⅜	ACM Gvt In	1.08	8.5		524	12½	12⅜	12⅜	
10⅛	9⅛	ACM GvOpp x	0.80	8.2		55	9¾	9⅝	9¾	
10⅝	9¼	ACM Gvt Sp	0.95	9.3		516	10¼	10	10¼	+⅛
12¼	10½	ACM Gvt Se	1.04	8.7		324	11⅞	11¾	11⅞	+⅛
12¼	9⅞	ACM Man	1.08	9.4		359	11½	11⅜	11½	
9⅜	8⅞	ACM Managd x	0.72	7.9		79	9⅛	9⅛	9⅛	+⅛
12⅜	7¼	AcmeClv	0.44	4.3	13	870	10⅝	9⅞	10¼	+½
11⅜	6⅜	Acme Elect			35	2100	7⅞	7⅝	7⅞	
27⅝	18⅜	Acordia	0.44	1.8	13	2	23⅞	23⅞	23⅞	-⅛
18	10⅜	Acuson			59	623	13¼	13	13⅛	+⅛
21¾	17¾	Adams Expr	0.52	2.8	0	148	18⅛	18⅛	18¼	+⅛
66¼	45½	Ad Micro	3.00	6.2		26	48½	47½	48½	+⅞
32¾	17	AdvMic	3.00	15.9	8	6577	18⅞	18⅛	18⅞	+¾
8⅛	5½	Advest Grp	0.16	2.4	12	29	6¾	6¾	6¾	+⅛
24¾	14¼	Advo Inc.	0.08	0.4	88	208	18½	17¾	18½	+⅝
58½	41⅛	Aegon ADR	1.23	2.2	12	17	55⅛	54⅜	54⅞	+¼
66¼	43⅜	AetnaL	2.76	4.9	24	2743	57⅜	55⅞	56⅞	+1⅜
34	24¾	Aflac	0.40	1.5	12	4013	27	26¼	26⅜	-⅛
22⅛	16¾	Ahmnsn	0.88	4.5	9	1283	19¾	19½	19⅝	
7¾	3⅝	Aileen Inc.			3	382	2¾	2⅝	2¾	
48½	37½	AirPrC	0.92	2.0	28	793	47	46½	46⅞	+½
35¼	18⅛	Airbrne Frt	0.30	0.8	28	422	u35⅞	35⅛	35⅜	-¼
25½	9⅜	Airgas Inc			48	353	24⅜	23¼	23½	-⅜
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

- A -

- B -

- C -

- D -

- E -

- F -

- G -

- H -

- I -

- J -

- K -

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- M -

- N -

- O -

- P - Q -

- R -

- S -

[illegible]

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NYSE COMPOSITE PRICES

4 pm close January 14

Continued from previous page

NASDAQ NATIONAL MARKET

4 pm close January 14

AMEX COMPOSITE PRICES

4 pm close January 14

FT GUIDE TO THE WEEK

17 MONDAY

John Major at Scott inquiry

John Major, the hard-pressed UK prime minister (left), joins the growing line of officials and government ministers required to give evidence in public to Lord Justice Scott's arms-for-Iraq inquiry.

Mr Major set up the inquiry himself in November 1992 in response to the row over alleged government complicity in the illegal arms sales. He was foreign secretary and chancellor of the exchequer under Lady Thatcher.

The European Parliament holds its first full session of the year. The 518 deputies will be preparing nervously in Strasbourg for June's Euroelection, likely to be dominated as much by domestic issues in the 12 member states as by pan-European themes.

Textile squabble: The US is due to cut China's textile and clothing import quotas by more than $1bn for alleged cheating. The Clinton administration says China has tried to skirt limits by shipping goods into the US through other nations.

Mercosur summit: The presidents of Brazil, Argentina, Paraguay and Uruguay, the four countries which will make up the planned Mercosur free trade area, are due to meet in Uruguay. Mercosur is planned to come into effect next year, but some matters are undecided, for example, a common external tariff.

Lloyd's offer: Names on Gooda Walker and Feltrim syndicates – two of the biggest loss makers at Lloyd's of London – meet this week to discuss the £900m offer to settle litigation at the insurance market. Both groups are likely to reject the deal, making their disputes dependent on legal cases coming to court later this year. In these, Names are suing their agents for alleged negligence.

Gooda Names, who meet today, have been offered £223m, compared with a claim of £580m. Names have until February 14 to vote on the package.

Thorp licence: The licence for the £2.8bn Thorp nuclear reprocessing plant at Sellafield, north-west England, comes into effect. The plant will not be fully operational for another month, while preliminary tests continue. In early February, the government faces a legal challenge on its decision to grant the licence from Greenpeace, the environmental pressure group, and Lancashire County Council who are worried about emissions.

Holidays: US federal government offices and banks will be closed for Martin Luther King day.

18 TUESDAY

Patten consults in London

Chris Patten, the governor of Hong Kong, leaves for London for a series of meetings with British ministers about the colony's political development. It is expected that the governor will seek approval to push ahead with his original democracy proposals in the form of a second bill to be put to Hong Kong's legislature in March.

On Thursday, he will appear before the foreign affairs select committee of the House of Commons. The committee is preparing a report on Anglo-Chinese relations.

Lloyd Bentsen, the US treasury secretary, who is on a trip to Asia, arrives in Thailand. He is expected to call for an opening of the Thai financial and services sector to more foreign competition.

Burmese constitution: The country's national convention is due to sit. It mostly comprises delegates hand-picked by the military junta and is charged with drafting a new constitution. It may feel its hand has been strengthened now the Karen, one of the regime's main opponents, have decided to hold peace talks.

Bosnia negotiations resume: The leaders of Bosnia's three warring communities will resume partition talks in Geneva under the United Nations mediators Lord Owen and Thorvald Stoltenberg.

Last week, Nato renewed warnings that the Serbs will risk air strikes if they block the opening of the airport in Tuzla, the biggest Moslem stronghold. Hope for a settlement is slim. Bosnian prime minister Haris Silajdzic (above) has said that if the Serb shelling of Sarajevo does not stop, his delegation will stay away.

Aluminium smeltdown: Trade representatives from the world's leading aluminium-producing countries meet in Brussels with industry representatives to consider ways of reducing global surpluses of the metal. This might lead to co-ordinated cuts in production.

UK trade survey: The monthly distributive trade survey from the Confederation of British Industry should give the first insight in retail trade over Christmas and the New Year.

Media reports and anecdotal evidence point to a spending spree in late December, although this may have been exaggerated by focusing on the hitherto depressed south. Official figures on Wednesday will provide further details of retail trading in December.

19 WEDNESDAY

Crunch-time for Hosokawa

In a decisive week for Japan's prime minister Morihiro Hosokawa, his ruling coalition is trying to get parliament's upper house to vote on the four political and electoral reform bills in a plenary session. This is the final stage before they become law.

Procedural delays and splits in its own camp have forced the coalition to aim for a vote in the upper house political reform committee mid-week, paving the way for a plenary vote by Friday. Hosokawa is expected to succeed in the end by a narrow margin. If he fails to get agreement by January 29, the end of the extended parliamentary session, he may resign.

Bentsen in Beijing: US treasury secretary Lloyd Bentsen is due in the Chinese capital. At a meeting of the US-China joint economic committee, he is expected to discuss China's economic reforms, opening up its markets, and US concerns about human rights. On Friday, he travels to Shanghai.

Allies in Ankara:

British foreign secretary Douglas Hurd visits the Turkish capital for talks with Prime Minister Tansu Ciller (left). Tomorrow he is joined by his German counterpart Klaus Kinkel. The Turks' European partners will try to reassure them that the Greek accession to the presidency of the European Union will not upset Turkey's plans to deepen its trade and political relations with Brussels.

Theodoros Pangalos, Greece's deputy foreign minister, outlines to MEPs in Strasbourg his government's priorities for the EU presidency during the next six months.

Edouard Balladur, French prime minister, is expected to convene a strategy session on the economy to try to find a way to reduce unemployment.

Ungagged: The Irish government's broadcasting ban on Sinn Féin, the political wing of the of the Irish Republican Army terrorist organisation, is due to lapse.

UK retail price index: Budget increases in tobacco, petrol and vehicle excise duties are set to push up inflation. The headline rate for December is expected to rise from November's 1.4 per cent year-on-year rate to about 2 per cent, which would be the highest level since December 1992.

Forecasters expect only a modest upturn in underlying inflation, which excludes mortgage interest payments, to 2.7 per cent last month, from 2.5 per cent in November.

20 THURSDAY

Bundesbank ponders rates

The Bundesbank council holds its regular fortnightly meeting. The German central bank has not cut interest rates so far this year. Although money supply growth may be abating, the recent weakness of the D-Mark has added to uncertainty over the timing of German monetary easing.

The Bank of England will announce the terms of its first extended repo and secured loan facilities to provide funds to the UK banking system to February 10 and to February 24. The move is a step towards liberalising the London money market.

South African elections: The African National Congress publishes its official list of candidates for the April 27 elections, delayed from Tuesday because of computer problems.

President F.W. de Klerk opens the National party election campaign with a trip to Northwest Province.

Ukraine's parliament convenes:

Ukraine's parliament, the rada, reconvenes for its last session before elections in March. Many of its members have already voiced their opposition to the accord signed by President Leonid Kravchuk in Moscow last Friday under which Ukraine is to eliminate its nuclear missiles over the next three years.

This will be their first chance to attempt to derail the deal described by President Boris Yeltsin of Russia as "putting the last full stop in the last chapter of the cold war".

Vietnam's Communist party is scheduled to hold a special conference that has been delayed from December. The party is expected to discuss the successes and problems of economic reform (to Jan 24). There may be a leadership reshuffle.

Inman takes charge:

Bobby Ray Inman (left) is due to take over as US secretary of defense. Inman will be the first former career officer to serve as secretary of defense since General George Marshall, who held the office under President Harry Truman. Inman also has the distinction of having voted for George Bush in the election won by President Clinton.

His resignation offer rejected, Carlo Ciampi stays on as Italy's caretaker prime minister until the elections

21 FRIDAY

Belgian Guy to face music

Belgium's political establishment continues its painful self-examination about allegations of bribery and corruption relating to the award of a helicopter contract to Agusta, the Italian aircraft manufacturer.

Today, a special committee of the Belgian parliament is expected to question Guy Coeme, deputy prime minister, and the most senior of three French-speaking Socialist politicians. The magistrate investigating the affair wants to examine them. All three have denied any wrongdoing and opposed calls for their parliamentary immunity to be lifted.

Lloyd's meeting: Names belonging to Lloyd's of London loss-making Feltrim syndicate meet to discuss the offer to settle litigation at the insurance market. They have been offered £237m, just under 40 per cent of their total claim.

Turkey's president Suleyman Demirel attends a summit of Turkic republics in Baku, Azerbaijan (to Jan 22). Turkey hopes its cultural ties will help it increase trade with and influence in central Asia.

22-23 WEEKEND

Turkmenistan 10-year plan

This remote, gas-rich central Asian republic holds a referendum on Saturday on whether its current president Sapurmurat Niyazov should hold office until 2004, seven years beyond his constitutional limit. Mr Niyazov, who has generated an extensive personality cult, is expected to win – previous referendums have all yielded a 99 per cent "yes" vote, despite protests from human rights groups.

ANC policy conference: The African National Congress, widely expected to play a leading role in South Africa's government after April's election, debates its future policy at an economic reconstruction conference.

Party in Weimar: Manfred Brunner, founds a German anti-Maastricht party in Weimar on Sunday to contest this year's European election. Mr Brunner, an outspoken opponent of the Maastricht treaty, took the government to the constitutional court last year, in a bid to have the treaty thrown out.

Compiled by Patrick Stiles.
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ECONOMIC DIARY

Other economic news

Monday: UK manufacturing output should show a modest rise between October and November and grow 2 per cent compared with November 1992. Cold weather should have given a boost to energy output. Economists expect no acceleration in producer output prices despite Budget tax increases. Weak oil prices should help keep input prices low.

Tuesday: An expected fall in Japan's private sector machinery orders in November would increase pressure for action to boost the economy.

Wednesday: UK retailers had their best Christmas for years, fuelling expectations of a 5.2 per cent year-on-year increase in volume sales last month.

Canada's lead indicator for December should point to continued steady growth, while November wage data should calm fears of inflation.

Thursday: Anything more than the anticipated 1.43m of US housing starts in December would add to recent evidence of bumper fourth-quarter growth.

Friday: City expectations of a £2bn increase in UK bank and building society lending in December would mark a strengthening of credit demand if fulfilled.

Statistics to be released this week

Day Released	Country	Economic Statistic	Median Forecast	Previous Actual
Mon	UK	Dec producer prices index input*	-0.3%	-0.3%
Jan 17	UK	Dec producer prices index input**	-1.3%	-0.8%
	UK	Dec producer prices index output*	0.1%	0%
	UK	Dec producer prices index output**	3.6%	3.6%
	UK	Nov manufacturing output*	0.3%	0.1%
	UK	Nov manufacturing output**	2.3%	1.2%
	UK	Nov industrial production*	0.3%	0.7%
	UK	Nov unit wage cost 3M**	0.3%	-0.1%
Tues	Japan	Nov machine orders*	-14.9%	-13.1%
Jan 18	Japan	Nov machine orders(ex ships etc)**	12.5%	-31.1%
Wed	US	Nov merchandise trade	-$10.5bn	-$10.5bn
Jan 19	US	Nov merchandise exports	$40bn	$40.1bn
	US	Nov merchandise imports	$50.4bn	$50.6bn
	Japan	Nov indust. prod. real (seas. adj)	–	-5.5%
	Japan	Nov shipments real (seas. adj)	–	-8%
	France	Nov industrial production*	0.4%	-0.7%
	UK	Dec retail prices index*	0.3%	-0.1%
	UK	Dec retail prices index**	2%	1.4%
	UK	Dec retail sales*	0.4%	0.4%
	UK	Dec retail sales**	5.2%	3.9%
	UK	Dec PSBR	£5bn	£3.1bn
	Canada	Nov merchandise trade surplus	$1.35bn	$1.4bn
	Canada	Nov wage settlement rises	1.1%	2.3%
Thur	US	Dec housing starts	1.43m	1.43m
Jan 20	US	Initial claims w/e Jan 15	340,000	354,000
	US	Money supply figures w/e Jan 10	–	–
	France	Oct current account	FFr8bn	FFr9bn
	UK	British Chambers of Comm survey†	–	–
	Canada	Nov manufacturing new orders*	1.5%	-0.3%
Fri	Japan	Dec trade balance (custom cleared)	$1.4bn	$7.4bn
Jan 21	France	Dec consumer prices index – final**	–	2.2%
	UK	Fourth qtr GDP – preliminary**	2.4%	2.1%
	UK	Dec money supply figures	–	–
	UK	Dec Bdg Scty new commitments	£2.5bn	£2.8bn
	Canada	Dec consumer prices index**	1.9%	1.9%
	Canada	Nov wholesale trade (seas. adj.)*	–	–
During this week...				
	Japan	Jan trade balance (first 10 days)	–	$2.1bn
	Japan	Dec money supply (M2/deposits)	1.4%	1.5%
	Germany	Dec producer prices index*	-0.1%	0%
	Germany	Dec producer prices index**	-0.1%	-0.2%
	Germany	Nov trade balance	DM6.5bn	DM9.3bn
	Germany	Nov current account	–DM2.5bn	-DM3.5bn
	Italy	Nov industrial production**	-2%	-4.4%
	Italy	Nov producer prices index**	5%	4.1%
	Italy	Nov wholesale prices index**	4%	5.2%

*month on month, **year on year †qtly

Statistics, courtesy MMS International.

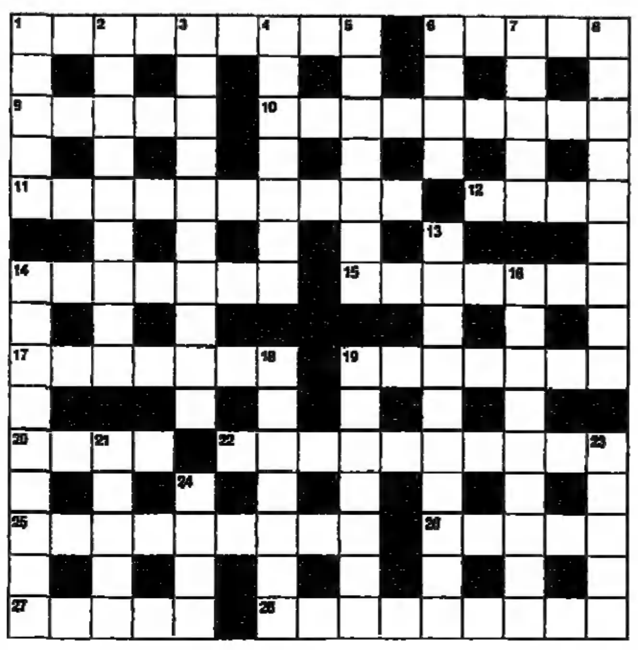
People with stars are star people

ACROSS

1 If retiring, dwells on domestic scenes (9)
6 See 13
9, 21 *Dane with property – not proper, hot – swallowed by snake, male (5,5)
10 Fit fender another way (9)
11 *Greek fruit of the rose to dry up on you and me (10)
12 River, or poem to one (4)
14 *Egyptian providing employment (no men) (7)
15 Use flea to disturb calm (7)
17 Headless chickens wash, as of old, to be enthralling (7)
19 Some ministers at cathedral in laconic style (7)
20 Musical instrument backed by a qualification (4)
22 *Pole not well up in soccer (10)
25 *Briton escaped without much Dutch capital (9)
26 Damp is found during car test (5)
27 Belgian feudal superior (6)
28 The person who gets up without love is a speculator (9)

DOWN

1 Bring female to draw acidly (5)
2 Modern music and gambling are just right for shrimps (4,5)
3 Something to keep in the kitchen takes a brief second to anger and shock (7,3)
4 Caravan dweller – or was I a performer playing hard to get? (7)
5 Spread over, according to abbreviated county custom (7)
6 Grass for climbing beast (4)
7 Give up production (5)
8 Recovery none too soon by the side? (9)
13, 6 across *New star and new moon for Queen and Queen's own (10,5)
14 A lot of what sounds like piffle about a fast time? (9)
16 Nice fresh product from across the channel (9)
18 Oriental rat, maybe, is caustic (7)
19 It gives footwork for those who can't read letters (7)
21 See 9
23 Possibly stray wolf? (5)
24 I shall sound like what I may stand for (4)



MONDAY PRIZE CROSSWORD

No.8,355 Set by CINEPHILE

A prize of a Pelikan New Classic 390 fountain pen for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers will be awarded. Solutions by Thursday January 27, marked Monday Crossword 8,355 on the envelope, to the Financial Times, 1 Southwark Bridge, London SE1 9HL. Solution on Monday January 31.

Name..........

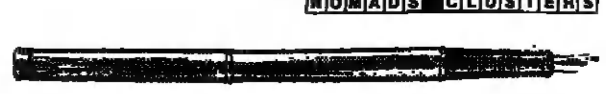
Address..........

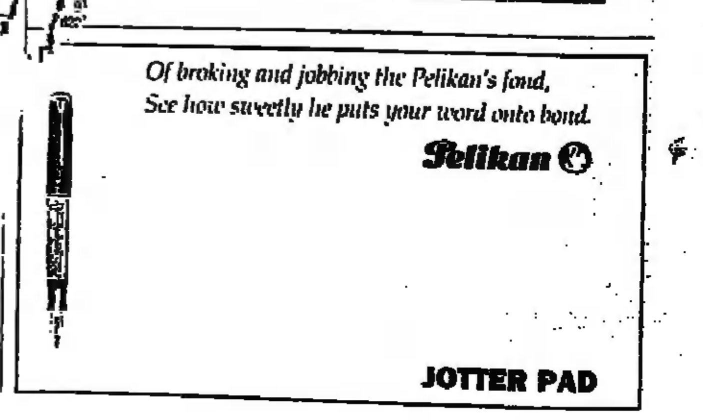
....

Winners 8,344

P.J. Grayson, Salford
T.F. Brady, Ontario, Canada
F.W. Fulcher, West Runton, Norfolk
H.P. Hatfield, Mouans Sartoux, France
Mrs S. McColl, Sheffield
D. Philpott, Aylesford, Kent

Solution 8,344





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